PUBLISHERS — LAW BOOKS
PRINTERS — BOOKBINDERS
The Cassell Company
Limited
145-149 DELAWARE STREET

ONTARIO

Second Session
of the
Twenty-Fourth Legislature
of the
Province of Ontario

0

Toronto, Ontario, October 20, 1952, et seq.

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HON. (Rev.) M. C. DAVIES, - Speaker.

R. C. Sturgeon,
Official Reporter,
Parliament Buildings,
Toronto.

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of the

SECOND SESSION OF THE TWENTY-FOURTH LEGISLATURE
OF THE PROVINCE OF ONTARIO, HELD ON OCTOBER 20TH,
et seq.

Hon. (Rev.) M. C. Davies,
Speaker.

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ONTARIO

Second Session
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Twenty-Fourth Legislature
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Volume I

Monday, October 20, 1952.

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HON. (Rev.) M. C. DAVIES, - Speaker.

R. C. Sturgeon,
Official Reporter,
Parliament Buildings,
Toronto.

P R O C E E D I N G S

of the

SECOND SESSION OF THE TWENTY-FOURTH LEGISLATURE OF THE PROVINCE OF ONTARIO, HELD ON MONDAY, OCTOBER 20, 1952, et seq.

Hon. (Rev.) M. C. Davies,

Speaker.

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Toronto, Ontario.
Monday, October 20, 1952.
3:00 o'clock, p. m.

- - - - -

And the House having met.

The Honourable, the Lieutenant-Governor of the Province of Ontario, then entered the House and took his seat upon the Throne.

The Honourable the Lieutenant-Governor was then pleased to open the Session by the following gracious speech.

HON. L. O. BREITHAUPT: (Lieutenant-Governor) Mr. Speaker and Members of the Legislative Assembly:

You are here to-day to resume your duties at the Second Session of the Twenty-fourth Legislature of the Province of Ontario. I am happy to extend my greetings to each of you on this occasion.

This Autumn Session has been occasioned by certain matters of great importance which have arisen since the House prorogued last April.

Legislation will be introduced for your approval which will empower the Government to enter into certain fiscal arrangements with the Government of Canada concerning the personal income and corporation tax fields, covering a period of five years from the first day of April, 1952.

In order to ensure just compensation to persons whose land is taken, or whose land or property is damaged, by reason of the construction, maintenance and development of the proposed power project in the International Rapids section of the St. Lawrence River, clarifying legislation will be introduced. It is proposed further that this new legislation will enable the Government and The Hydro-Electric Power Commission of Ontario to deal effectively with certain special problems of planning, rehabilitation, the rendering of services, and any exceptional claims that may arise.

A further matter which will be submitted for

your approval is a proposal which will render more effective the financing of the construction and maintenance of our provincial highways, the construction programme for which has been greatly extended. It is proposed that hereafter all monies to be provided for highway purposes will be voted for such purposes by the Legislature. Legislation, to be introduced, will also provide for the establishment of a special Highway Reserve Account within the Consolidated Revenue Fund, to which shall be credited such amounts as are appropriated by the Legislature from time to time for the construction of highways. You will be asked to give consideration to Supplementary Estimates for the purposes of this Highway Reserve Account.

I express the wish that your deliberations and decisions in the matters which will come before you, will be guided by Divine Providence.

The Lieutenant Governor was pleased to retire.

---3.15 o'clock p.m.

Mr. Speaker in the Chair.

Prayers.

MR. SPEAKER: I beg to inform the House to prevent mistakes I have obtained a copy of His

Honour's speech, which I will now read.

Introduction of Bills.

HON. DANA PORTER (Attorney-General): Mr. Speaker, I beg to move, seconded by Mr. Challies, that leave be given to introduce a Bill intituled, "The St. Lawrence Development Act, 1952, No. 2", and that same be now read for the first time.

Motion agreed to; first reading of the Bill.

HON. DANA PORTER (Attorney General): During the first session of the Legislature for 1952, this House approved an agreement between Canada and Ontario providing for certain development works to be done by the Hydro-Electric Power Commission on the St. Lawrence River. The approval was given by The International Rapids Power Development Act, 1952, c. 42. Following the passing of this Act, the Government and the Hydro-Electric Power Commission have considered carefully the many special problems that will arise in the expropriation of lands and the resulting damage to persons affected in the course of this great undertaking. Also, during this period, on June 30, 1952, the Government of Canada has made application to the International Joint

Commission for an order of approval of the construction of the works contemplated under the agreement. The Government of Ontario has supported this application, and is represented at the pending hearings by Mr. Leslie Blackwell,Q.C., formerly Attorney-General for Ontario.

In the course of the studies under way by the Hydro Commission, and certain questions raised in the proceedings of the International Joint Commission, it became apparent that some clarification was desirable of the expropriation powers of the Hydro Commission, and the compensation provisions now to be found in more than one statute, and that some enlargement of these powers and rights should be given. The question arose at the hearings by reason of a paragraph in Article VIII of the Treaty between the United States and Great Britain relating to Boundary Waters, and questions arising between the United States and Canada, made on January 11, 1909. (It is under the terms of this Treaty that the International Commission derives its authority.)

Article VIII provides:

"In cases involving the elevation of the natural level of waters on either side of the line as a result of the construction

or maintenance on the other side of remedial or protective works or dams or other obstructions in boundary waters or in waters flowing therefrom or in waters below the boundary in rivers flowing across the boundary, the Commission shall require, as a condition of its approval thereof, that suitable and adequate provision, approved by it, be made for the protection and indemnity of all interests on the other side of the line which may be injured thereby."

It is fully appreciated by the Government and the Hydro Commission that by reason of the size of this project and the extent of the lands that will be flooded, the Commission will be faced with problems of an unusually complex nature, and unprecedemted magnitude. In one case, a whole community will have to be moved and large portions of certain other municipalities will be flooded. This will involve planning on a large scale. The rehabilitation of some areas and the people now living in them is definitely contemplated. This is in addition to the many cases where the ordinary rules of compensation may be adequate.

It is impossible at this stage to anticipate in detail the many types of complex situations that undoubtedly will arise. Thus it is not intended to try to tabulate in a statute at the present time all the new types of items that may eventually have to be dealt with. Nevertheless, we should now give the wide general powers that will enable the Hydro Commission to give reasonable satisfaction in most of the cases with which it will be faced. If further legislation appears to be necessary at a later stage to deal with special unforseen situations, it may be considered at future sessions of this House.

It is the policy of this Government to make every provision that may appear to be necessary from time to time, to assure fair dealing, justice and equity to all who will be injuriously affected by this undertaking. It is our policy to provide fully for losses that will accrue to individuals. It is also our policy to make exceptional provision for losses to municipalities where municipal assets and the revenue from assessed property are substantially affected by expropriations essential for the completion of this project. It may be

impossible to compensate for all the intangible losses that arise from the uprooting of a whole community or a large portion of it. Yet, by means of planning new communities, and rehabilitating the inhabitants from the old, we shall endeavour to assure that all that is humanly feasible will be done to compensate for the destruction of the old environment with all its traditions and its sentimental attachments. All this will be carried through in the expectation that when the whole work is completed, and the settlements accomplished, the citizens of that area of Eastern Ontario so closely affected, will find themselves in the most favourable position to reap the benefits of the St. Lawrence Power development. It is for this purpose that this Bill is presented to the Legislature today. It is designed to give powers similar to those provided for in the St. Lawrence Development Act, 1952, c. 100, but with certain enlargements of those powers, and with certain special new procedures applicable to the St. Lawrence Development. It deals broadly with two main subjects, (1) powers; (2) compensation. The former Act, which has not been proclaimed, is

therefore to be repealed, and this Bill is submitted in substitution for it.

This Bill covers the following main points:

1. If and when the International Joint Commission approves of the agreement between Canada and Ontario, and the required orders-in-council are passed, the Hydro-Electric Power Commission shall undertake and perform all the obligations of Ontario under the agreement (with certain exceptions) and shall proceed with the works necessary for the development of the power resources of the International Rapids section of the St. Lawrence River - the Commission to own the lands and works, and indemnify the Government in respect of all claims of third parties - and to pay compensation to the Government for water diverted.

2. Subject to the approval of the Lieutenant-Governor in Council, the Commission may

(a) exercise any of the powers conferred upon it by the Power Commission Act.

(b) by agreement and in lieu of

compensation rehabilitate any person in respect of any land or property.

(c) provide such services as are normally provided by a municipality or other legal public authority either by itself or through or in conjunction with the municipality or other local public authority.

(d) determine that a claim for compensation made under this Act is to be regarded as a claim in respect of an interest in land or an interest in property where such may not be the case in law.

(e) do such acts and things as in its opinion are reasonably necessary for carrying out the Canada-Ontario agreement and this Act.

The third point involved in this legislation is as follows. There are two subsections to this.

In the first place, the Commission shall make to the owner of land entered upon, taken or used by it for the purposes of this Act just compensation under this Act for any damage

necessarily resulting from such entry, taking or use, beyond any advantage that the owner may derive from the work for which the lands have been so entered upon, taken or used.

In the second place, the Commission shall make to the owner of any land or property injuriously affected in carrying out the purposes of this Act just compensation under this Act for any damage necessarily resulting therefrom, beyond any advantage that the owner may derive from the work for the purpose of which the land or property was injuriously affected.

The fourth point is that express authority is to be given for the expropriation procedure. That is set forth in some detail in the Act.

5. Where the Commission and the owner cannot agree as to the amount of compensation, either party may refer the matter to the Ontario Municipal Board.

6. Either party may appeal from any order of the Municipal Board, with leave of a justice of appeal to the Court of Appeal. The decision of the Court of Appeal shall be final.

7. Provision is made for the abandonment of lands taken and damages resulting from the

taking and abandonment.

8. Provision is made to cover certain classes of persons, namely tenants in tail or for life; and guardians, committees, executors, administrators, acting in a representative capacity.

9. If damage to land taken or injuriously affected may be removed or reduced by any alterations or works, provision is made for the Commission to undertake the appropriate alterations or works, and this shall be considered in the assessment of damages.

10. All claims for compensation shall be dealt with under the terms of this Act and not otherwise, so that claims may be proceeded with in an expeditious manner, and without the necessity of reliance upon provisions to be found in several other statutes.

It is always well to bear in mind that no matter how broad and generous the terms of a statute such as this may be, the success in giving satisfaction to all parties affected by an undertaking of this size and kind depends in the last analysis upon the good common sense, and the good sense of proportion of all parties

concerned. This Bill is not intended to encourage exaggerated claims for compensation on the one hand, nor to permit arbitrary dealings on the part of the expropriating authority on the other. It is intended to lay down a broad basis for fair, just and equitable settlement of claims that will result from the exercise of broad powers. It is intended to assure to the people immediately touched by this project that the benefits to the Province as a whole will be shared by them, and that they shall not be called upon to bear an undue portion of the sacrifice and the cost. To accomplish this and to leave no doubts, a final appeal to the courts is given in all cases where settlement by negotiation cannot be reached.

(B-1 follows)

HON. L. M. FROST (Prime Minister): Mr. Speaker, the Bill introduced by the hon. the Attorney-General (Mr. Porter) is, of course, the traditional Bill upholding the rights of Parliament. The Bill is introduced as a matter of upholding and protecting those rights, therefore, notice is required.

We have two other Bills, both of which have been briefly referred to in the Speech from the Throne. I quite recognize that in accordance with the ordinary rules of the House, unanimous consent to the introduction of these Bills is required. Therefore, Mr. Speaker, I would ask you and through you the hon. members of the House, to give the necessary unanimous consent to the introduction of the Bills to-day. Otherwise, it might mean we would have a day or two in which to view the sights of Toronto, without any particular business to transact here, which I think would be a great mistake.

May I, Mr. Speaker, therefore, ask for the permission of the House to introduce a Bill which I wish to place before you, and following which the Hon. Minister of Highways (Mr. Doucett) has another Bill he wishes to introduce.

I appreciate the fact that all of this Legislation is important, and we are desirous of

placing it before the House at this time.

The Bills are printed, and will be available to the hon. members to look over and study between now and tomorrow.

Tomorrow, it is our intention to go ahead with the Bill which I shall introduce in a moment relating to the Federal-Provincial taxing arrangement.

With that explanation and with the permission of the House -- for which I would ask only under conditions such as we have here to-day where a Session has been especially convened to deal with certain specific matters -- I beg to move, seconded by Mr. Doucett, that leave be given to introduce a Bill intituled, "An Act Respecting An Agreement Between the Government of Canada and the Government of Ontario for the Suspension of Certain Taxing Acts by Ontario", and that same be now read for the first time.

Motion agreed to; first reading of the Bill.

HON. L. M. FROST (Prime Minister): Mr. Speaker, it is not my intention -- and I think the hon. members of the House will agree it is not necessary -- to give an explanation at the moment of this very important Bill. The explanation which would be given on this occasion has been given, and has been discussed in the Press, and there is no need for any

discussion at this time.

Tomorrow I plan to give to the hon. members of the House a very full explanation of the meaning and background of this Act. In the meantime, Mr. Speaker, I would refer the hon. members to two documents which are now being placed on their desks.

First, may I say that the Bill introduced by the hon. Attorney-General (Mr. Porter) is already in the hands of the hon. members. The Bill I have now introduced is a very lengthy document, and I believe is also in the hands of the hon. members, together with a copy of the proposed rental agreement between the Government of Canada and the Government of Ontario.

Mr. Speaker, in view of the fact that this Bill is printed and is here, and that the agreement is with it, it removes, I think, any necessity for an explanation at this moment.

HON. G. H. DOUCETT (Minister of Highways): Mr. Speaker, I beg to move, seconded by Mr. Frost, that leave be given to introduce a Bill intituled, "An Act to Amend the Highway Improvment Act", and that same be now read for the first time.

Motion agreed to; first reading of the Bill.

MR. FARQUHAR OLIVER (Leader of the Opposition):

Mr. Speaker, may I ask the hon. Minister (Mr. Doucett) if this Legislation repeals the old Legislation?

HON. MR. DOUCETT: It repeals the Highway Improvement Fund Act.

MR. OLIVER: Will the hon. Minister state the differences between this Bill and the old Highway Improvement Fund.

HON. MR. DOUCETT: There is a great deal of difference between this Bill and the old one.

MR. OLIVER: Mr. Speaker, would the hon. Minister (Mr. Doucett) care to elaborate on it at this time?

HON. MR. DOUCETT: In the other Act, you have the money on a sheet of paper. By this Act, you have the real money in your account.

MR. OLIVER: May I say, Mr. Speaker, that I am sure I express the feeling on behalf of all hon. members of the House when I say how pleased we are to have the hon. Minister of Highways (Mr. Doucett) back in his seat.

SOME hon. MEMBERS: Hear, hear.

HON. L. M. FROST: Mr. Speaker, apropos of what the hon. Leader of the Opposition has said, may I say that I was about to refer to the hon. Minister of Highways myself.

This is the first occasion he has been here

since his accident on the 8th of November, 1951. I very well remember that very stormy evening.

The Hon. Minister of Highways has been laid up for a long period during the intervening time, and it is quite obvious even to-day from his walk that he has not yet entirely recovered, but seems to be doing very well.

The Hon. Minister, I think, is a living example of the wording of a sign I have seen along the highways throughout the province, which says, "An Accident is just a Word until you have one". I think the hon. Minister has always appreciated that, but no doubt now he appreciates it a great deal more.

As the hon. Leader of the Opposition has said, we are very glad to have the hon. Minister here in the House to-day. This is the first occasion when he has been present, and he said to me he wondered if he was in the right place, as he looked around him.

SOME hon. MEMBERS: Oh! oh!

MR. OLIVER: We do not think he is in the right place.

SOME HON. MEMBERS: Oh! oh!

HON. G. H. DOUCETT (Minister of Highways): Mr. Speaker, I wish to thank the hon. Leader of the Opposition, and my hon. chief for their very kind remarks. I assure you I am delighted to be back.

It is something like wakening up in a new world, to look around and see the new faces, and to note the different seating arrangement in the Chamber.

The hon. Prime Minister mentioned something about this sign on the billboards, "An Accident is only a word until you have one". May I say that on November 13th, 1951, I went up to the operating room for my second operation. Of course, a patient always looks at things a little more seriously than the doctors and the nurses. It seems they must have their little joke.

We had had a sign prepared sometime previously, which appeared in the newspapers, which depicted an ambulance, and on it the wording, "Keep out of the Hospital; George H. Doucett, Minister of Highways".

A copy of this was pinned to my gown and the doctor took it off, and said to me, "Is this fellow any relation to you?"

SOME HON. MEMBERS: Oh!, Oh!

HON. MR. DOUCETT: So they were apparently having their little joke in connection with these signs.

However, I am delighted to be here, to meet my many old friends, and I hope I will not be absent from this Chamber for such a length of time for many years to come.

SOME HON. MEMBERS: Hear, hear.

HON.L. M. FROST (Prime Minister): Mr. Speaker, I move, seconded by Mr. Doucett, that during the present Session of the Assembly, provision be made for the taking of stenographic reports of the debates and speeches, and to that end, Mr. Speaker be authorized to employ the necessary stenographers at such rates of compensation as may be agreed to by him.

Copies of said stenographic reports to be supplied to the Honourable the Lieutenant Governor, to Mr. Speaker, to the Clerk of the Legislative Assembly, the Legislative Library, to each hon. member of the Assembly, to the offices of the leader of each Party represented in the Assembly, to the reference libraries of the province, and to the Press Gallery.

Motion agreed to.

MR. FARQUHAR OLIVER (Leader of the Opposition): May I ask the hon. Prime Minister (Mr. Frost), Mr. Speaker, if the three Bills introduced to-day constitute the programme for this special Session.

HON. MR. FROST: That is right.

MR. OLIVER: That is all the legislation?

HON. MR. FROST: That is right.

HON. L. M. FROST (Prime Minister): Mr. Speaker, I move, seconded by Mr. Doucett, that

Mr. A. W. Downer, the member for the electoral district of Dufferin-Simcoe, be appointed as Chairman of the Committee of the Whole House at the present Session.

Motion agreed to.

HON. L. M. FROST (Prime Minister): Mr. Speaker, that I think completes the business for to-day.

Before moving the adjournment of the House, may I say, sir, that it is our desire to proceed with the Bill respecting the Federal-Provincial agreement and the suspension of certain taxing Acts in the province of Ontario, tomorrow.

As I have already said, Mr. Speaker, I realize that these Bills are all very important, and I want to make it possible for all the hon. members of the House to secure the fullest information and the fullest explanation.

It is not our intention to rush matters along. We would like to give the hon. members the fullest opportunity to secure all the information which I know they want.

Therefore, tomorrow, if we can proceed with the second reading of this Bill, at that time I will give an explanation of the background and the meaning of the Bill, with this understanding, that when the Bill gets into Committee, if there are

further questions to be asked, even though they may extend beyond the compass of the particular section being dealt with, it will be quite satisfactory for any hon. member to raise the point in which he is interested at that time, and each hon. member will be given every opportunity to discuss the Bill and secure the information which may be required, and which we want to give them in detail.

Mr. Speaker, concerning the other two Bills; we will let those stand until tomorrow, and then we will discuss the procedure to be followed by the House in connection with the remaining business. At that time, before the Orders of the Day, I hope to give an outline of the plan to be followed in considering the remaining business.

If there is nothing further -- and nothing else occurs to me -- I beg to move the adjournment of the House.

MR. J. B. SALSBERG (St. Andrew): Mr. Speaker, before we deal with the adjournment, on the question of procedure, I would like to raise a point with you, and that is, on the question of the debate which customarily follows --

HON. MR. FROST: Mr. Speaker, I propose to deal with that tomorrow.

MR. SALSBERG: If the hon. Prime Minister

(Mr. Frost) will let me finish my sentence. After all, we have not seen each other for a long time.

Mr. Speaker, there seems to be no arrangement for the customary debate which takes place in this Assembly after the delivery of the Speech from the Throne. In my opinion, so many things have happened --

HON. MR. FROST: Mr. Speaker, may I say to the hon. member (Mr. Salsberg) --

MR. SALSBERG: Is this a point of order?

HON. MR. FROST: Yes. May I, Mr. Speaker, say to the hon. member (Mr. Salsberg) --

MR. SALSBERG: We should address ourselves to you, Mr. Speaker.

MR. SPEAKER: There is a motion before the House, that the House do now adjourn. I do not want to propose the motion summarily. I want to give every hon. member an opportunity, but at the same time I do not think we are prepared to listen to any hon. member now speaking on an irrelevant matter. If the hon. member (Mr. Salsberg) has a question or a point of order, let us have it, and we will deal with it properly at this time. But let us not have any long speeches.

MR. SALSBERG: May I ask a question, Mr. Speaker?

MR. SPEAKER: Yes.

MR. SALSBERG: My question is, what arrangement is the Government making for this Session to enable the hon. members to participate in the customary debate which follows the delivery of the Speech from the Throne?

I could add another question, if I were permitted.

MR. SPEAKER: No. I have allowed the hon. member (Mr. Salsberg) to ask the question, and if the hon. Prime Minister (Mr. Frost) cares to answer it at this time, he may do so.

HON. MR. FROST: What I endeavoured to make plain to the hon. member for St. Andrew (Mr. Salsberg) is that the procedure to be followed for the balance of this special Session of this House, will be explained tomorrow. I will explain fully tomorrow, and I can assure the hon. member (Mr. Salsberg) that he will have every opportunity to make any speech or speeches, which he cares to make. I may say, Mr. Speaker, that he has already given me notice, and I would be greatly disappointed if I did not hear his speech.

MR. SALSBERG: I may assure the hon. Prime Minister (Mr. Frost), Mr. Speaker, that he will not be disappointed.

Motion agreed to.

The House adjourned at 3.45 of the clock, p.m.

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Second Session
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Toronto, Ontario, October 20, 1952, et seq.

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Volume II

Tuesday, October 21, 1952.

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HON. (Rev.) M. C. DAVIES, - Speaker.

R. C. Sturgeon,
Official Reporter,
Parliament Buildings,
Toronto.

S E C O N D D A Y

P R O C E E D I N G S

of the

SECOND SESSION OF THE TWENTY-FOURTH LEGISLATURE OF THE PROVINCE OF ONTARIO, HELD ON TUESDAY, OCTOBER 21, 1952, et seq.

Hon.(Rev.) M. C. Davies,
Speaker.

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Toronto, Ontario,
Tuesday, October 21, 1952,
3:00 o'clock, p.m.

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The House having met.

Prayers.

MR. SPEAKER: Motion.

HON. L. M FROST (Prime Minister): Mr. Speaker, yesterday I intimated that I would be making some suggestions to the House relative to the procedure which would govern this special Session.

On the Order Paper before the House there are three specific Bills. These Bills, of course, will be debated, in fact, one of the Bills will be debated this afternoon. I quite realize that the subject matter of these Bills does not permit a wide-open debate on any substance. For instance, in the matter of the debate on the Federal-Provincial agreement, a debate is permitted on the subject matter, which is very large and a very broad one, but obviously it does not include a debate on all the budgetary arrangements of the province but it is confined by the rules of the House -- properly so -- to the subject matter of that Bill.

The same principle applies also to the two other Bills which will be before the House.

Mr. Speaker, as a matter of history and of precedence, may I say that in three other Sessions of this House which I recall, one in 1937 -- and I think that some of the hon. members opposite will remember the special Session dealing with Succession Duties -- in 1939 dealing with war power, and in 1945, dealing with matters which were left over from the Session of that Spring, when the Government was defeated on the floor of the House, the throne Debate was dispensed with by a vote of the House and by general

A-3 follows

agreement, and my recollection is there was no objection raised to that procedure at that time.

I have no desire to limit the hon. members of the House in their speaking on any subject, particularly at a time like this. We did adopt it as an expedient in the Fall Session of 1951, which dealt with Old Age Pensions.

We have, however, in this particular Session, the speech of His Honour, the Lieutenant Governor which was delivered yesterday, and which might be the subject of the ordinary Throne Debate.

In having the ordinary Throne Debate, of course, certain formalities are involved. It involves having the reply to the Speech moved and seconded by two hon. members of this House and then it involves, in the ordinary course, I was going to say, "a Leaders' day"for debate -- certainly that portion would apply to the hon. Leader of the Opposition, the Leader of the Government and certain other hon. members of the House -- indeed, to all the hon. members of the House. This, of course, in a special Session, is rather an involved procedure to follow.

We are going to have during this Session certain supplementary estimates which will be introduced by the traditional motion that you do now leave

the Chair, Mr. Speaker, which is a budget motion, and which permits all of the hon. members of the House, to speak on any subject matter.

So I propose to introduce in a moment a motion to dispense with the Throne Debate, and immediately following that, I will give notice that a motion will be made that Mr. Speaker do now leave the Chair, the ordinary traditional budget motion, which I think will meet the situation entirely, and will enable all the hon. members of this House, if they so desire to speak on any subject matter on that motion, to do so.

Mr. Speaker, before I make that motion, I would like to mention one matter, because I have no intention here in this House of limiting the subject matter of discussion.

I had an intimation from one of the hon. members of this House that he would like to speak on the matter of the break from the Don Jail which occurred last month.

I want to make it plain that in making this motion, I have no intention of raising the question of sub judice, or anything of that sort. Any hon. member of this House is perfectly free to speak on that subject if he so desires.

But allow me to point out to any hon.member who is so minded, that he might consider this between now and the day this motion will be called, which I assume may be probably on Thursday.

Firstly; following the break-out from the Don Jail, almost immediately the Governor, the Deputy Governor, and the guards on duty, probably a dozen in number, were suspended. I do not presume for a moment that all of those people are guilty of even an infraction, but I thought in the public interest that was the proper and fair thing to do., and at that time a Royal Commission was appointed under His Honour Judge Ian Macdonnell. Mr. J. W. Pickup, Q.C., was appointed Counsel for the Commission. Since then, Mr. Pickup has been appointed Chief Justice of Ontario, which showed we did not aim very lowly in the appointment of counsel. Since Mr. Pickup's appointment, the work of the Commission has been carried on by other counsel, including Chief Justice Pickup's son and some others.

I think it is fair to realize that there are men there who were suspended, but concerning whom we are not presuming any guilt at all. After all, with the appointment of the probe, the Chief Justice of the High Court, in his wisdom, asked that this probe should not proceed, because it might prejudice the

trials of certain accused people who were before the court. I think that was also suggested and asked by His Honour Judge Forsyth, who was trying certain cases in another court. That, I think, was entirely proper. I think the very last thing anyone would want to do would be to prejudice the position of those guards of the jail, and if any hon. member wants to speak on this particular subject, I would ask him to please bear in mind that he will be dealing with men whose positions may be in jeopardy, and while we want to know how these men escaped, how the saws got in with which to saw the bars, and how they were able to get or make a key to open the door, and some other very important matters, at the same time we do not want to prejudice innocent people. So I suggest if any hon. member wants to speak on that subject, he can do so without any fear that the question of sub judice will be raised because it will not. Every hon. member will be given full opportunity to speak, if they want to discuss it.

I may point out, however, that it might be in better taste and be better tactics to wait until the Royal Commission has reported, and then speak at the regular convened Session next spring.

I think if any hon. member of this House feels that he has any information which might be of

assistance in unravelling this case, he might do a great deal better by going down and telling it to the Commissioner who is investigating this case, and agreeing to giving his evidence from the witness box with others. I think that might be the better method of doing it, rather than to make statements here which may, of course, have some foundation, but some of which may be mere conjecture which may injure some of those people whose positions and future are in jeopardy.

With that explanation, I move, seconded by Mr. Doucett, that as the Legislature is convened in this special Session for the purpose of considering certain matters which have been laid before them, in the address by His Honour the Lieutenant Governor, that the House hereby resolve to dispense with the customary formal debate on the subject matters of the address as such matters may be debated during the consideration of the legislation on the motion -- by that I mean the ordinary motion that Mr. Speaker do now leave the Chair -- submitted to this House.

MR. J. B. SALSBERG (St. Andrew): Mr. Speaker, on the motion: I imagine that the hon. Prime Minister had in mind the communication which I sent to him prior to the convening of this special Session, when he stated a few moments ago that a member had expressed

the desire to discuss a certain issue during this Session.

That being the case, I would like, Mr. Speaker, with your permission, to point out the following, very briefly:

As to the advisability of dispensing with the usual debate following the address from His Honour the Lieutenant Governor, I frankly am inclined to leave that in the hands of such veteran hon. members of this Legislature as the hon. member for Brant (Mr. Nixon), the hon. Leader of the Opposition (Mr. Oliver), and so on, in the hope that they will be on guard against establishing a precedent which may not be appreciated later on.

But, insofar as the proposal of the hon. Premier, for a discussion during the motion to go into Supply; I have only to state that I have no more desire than any other member to raise any question which might prejudice any matter which is now before a Royal Commission.

HON. L. M. FROST (Prime Minister); That is up to you. It is up to your common sense.

MR. SALSBERG: I said I had no desire.

I do want to point out, however, since the hon. Premier referred to a communication of mine,

that I have in that communication, which, by the way, Mr. Speaker, was acknowledged for the first time this afternoon by the hon. Premier, although it is better late than never -- that the Government should utilize the special Session to make a statement, or to make a report, not only on the matter which occurred in the Don Jail, but on a whole series of disturbing occurrences in the penal institutions under the a minstration of this Government since we last met, and as some of the conclusions to which the Government has come which involve the expenditure of a few million dollars.

(Page A-10 follows)

MR. SPEAKER: If the hon. member (Mr. Salsberg) will permit, may I say that I have a motion before me which has to deal with a particular matter, and that is, as to whether the customary debate on the Speech from the Throne shall be dispensed with. That is the motion I must accept, and I do not think we can allow the wandering off into any particular cases.

I think the hon. Prime Minister (Mr. Frost) simply mentioned one as an illustration which will allow the speeches to be made at the proper time, if the House is prepared to accept the motion I now have before me.

I think I must rule we cannot allow speeches of various kinds at this time, if this motion is carried. If it is not carried, of course, we shall have the usual debate.

Motion agreed to.

HON. L. M. FROST (Prime Minister): Mr. Speaker, now that the Throne Debate has been terminated in that fashion, I think it is properly in order to give the notice of motion relative to the introduction of the Supplementary Estimates which, of course, is in the same form as the Budget debate.

Therefore, I move, seconded by Mr. Doucett, that the House will tomorrow -- and by "tomorrow" of course I mean some day in the future -- resolve itself

Mr. Bernstein: If the hon. member (Mr. Martin) will permit, may I say that I have a motion before me which has to deal with a particular subject, and only it, and to confine the necessary debate on that subject from the floor would be difficult. And in the motion I shall move, and I do not think it can allow the discussion not only for particular matter.

I think the hon. Prime Minister (Mr. Moore) simply suggested that we do an illustration which will allow the question to be dealt at the proper time. If the house is prepared to accept his motion I now put before you.

I think I have made my remarks with regards of matter at this time, if this motion is carried. If it is not carried, of course, we shall have the usual debate.

Motion passed.

Mr. L. R. Wright (Prince Rupert): Mr. Speaker, may I say a few words in the last regard. In some instances I think it is quite a proper to give the mover of motion relative to the introduction of the supplementary estimates of course, it is the same time as the usual debate.

Mr. Speaker: I must remind the hon. member that the house will immediately go into the committee of supply and I must rule out debate.

into Committee of Supply.

Motion agreed to.

HON. L. M. FROST (Prime Minister): Mr. Speaker, I move, seconded by Mr. Doucett, that this House will tomorrow resolve itself into Committee of Ways and Means.

Motion agreed to.

MR. SPEAKER: Motions.

Introduction of Bills.

Orders of the Day.

MR. J. B. SALSBERG (St. Andrew): Mr. Speaker, before the Orders of the Day, I wish to rise on a point of privilege to bring to your attention the following:

Yesterday I presented to the Clerk of the Assembly a motion reading as follows:

> "That in the opinion of this House, the Government should at this special Session, inform the Legislature of the measures it proposess to take to help the municipalities which are faced with mounting costs for education, social welfare services, and road construction, so that it shall not be necessary for our municipal governments to either reduce essential municipal services, or to further increase the unbearable tax rate for the year 1953."

Mr. Speaker, this morning when the printed orders were before us, I noticed that this motion was not carried on the Order Paper.

I fail to see why the motion should not be printed. I consider it the right of every hon. member to present a motion of this character, and I consider it a denial of right to the hon. members of the Legislature when such a motion is not accepted.

I would like to ask for your ruling on this matter, Mr. Speaker.

MR. SPEAKER: I received a copy of the motion as submitted by the hon. member for St. Andrew (Mr. Salsberg) this morning, and it is my considered opinion that I must rule the motion out of order, particularly a motion which deals with a violation of Rule 112 on page 129 of our Rules and Procedure. I will take the time to read this ruling, which I have used on various occaions in the past.

"(By the 54th Section of the Imperial Act, 30 Vict., c. 3, 'the British North America Act, 1867,' it is provided that the House shall not adopt or pass any vote, resolution, address or bill for the appropriation of any part of the public revenue, or of any tax or impost, to any purpose that has not been first recommended by a message of the Lieutenant-Governor in the

Session in which such vote, resolution, address or bill is proposed.)"

My interpretation is that this motion does effect a direct charge upon the people in that it implies that the Government should seek means to prevent the reduction of municipal services, as the result of the increased operational costs.

As a result, I must move the motion out of order.

MR. SALSBERG: Mr. Speaker, would you care to refer to the part of the motion which in your opinion is against the rule?

For your information, sir, may I say that I was extremely cautious in framing this motion because of my awareness of this section, so as not to imply the necessity of spending money, but merely asking for an explanation of policy.

MR. SPEAKER: I might also advise the hon. member (Mr. Salsberg) that I, too, was extremely cautious in my analysis of the motion.

I am not prepared at this time to give any ruling on that portion which does not deal with the commitment of this Government for the expenditure of money.

However, I shall be glad to take it under further consideration.

Section 10 would read with, consolidation, effective as bill is reported.)"

My interpretation is that this section does affect a direct change upon the law in that it implies that the Government should take steps to protect the economics of municipal authorities, in the event of the improvement contemplated works.

In a result, I move the motion be put to order.

Mr. Chairman: Mr. Chairman, would you move to enter to the case of the motion which is now motion is against the rule?

For the information, sir, may I say that I was extremely cautious in drafting this motion because of my awareness of rule matters, so as not to touch the necessity of spending money, but merely making for an consolidation of salary.

Mr. Chairman: I might inform the hon. member (Mr. Stubbs) that I, too, was extremely cautious in my rulings on the motion.

I am now prepared to give the ruling on that motion and it goes not affect the expenditure of this Government for the consolidation of money.

However, I would be prepared to hear it under further consideration.

MR. F. R. OLIVER (Leader of the Opposition): Mr. Speaker, on that point: as I listened to the reading of that motion, it seemed to me that it was not implied that an expenditure be made. There was no pretence at a definite commitment for an expenditure.

If we are going to draw the line that fine in the future, I fear we are going to deprive the hon. members of the Legislature of what I thought up until now has been their right, within certain well-prescribed limits and conditions.

I would think this motion does not digress the rule you have set out for our enlightenment this afternoon, in that it only implies that the Government will help the municipalities in these general applications. There is no specific amount, and no specific commitment, and I suggest that perhaps Mr. Speaker might consider still further the actual wording of the motion because it seems to me if we adopt that as a precedent in this House, we will narrow greatly our discussion on public questions on formal motions.

(B-1 follows)

ACT RESPECTING AGREEMENT BETWEEN GOVERNMENT OF CANADA AND GOVERNMENT OF ONTARIO FOR SUSPENSION OF CERTAIN TAXING ACTS BY ONTARIO.

CLERK OF THE HOUSE: Second Order, second reading of Bill No. 2, "An Act respecting an Agreement between the Government of Canada and the Government of Ontario for the Suspension of Certain Taxing Acts by Ontario", Mr. Frost.

HON. LESLIE M. FROST (Prime Minister): Mr. Speaker, I move second reading of Bill No. 2, "An Act respecting an Agreement between the Government of Canada and the Government of Ontario for the Suspension of Certain Taxing Acts by Ontario."

In rising to move the second reading of this Bill, I quite realize that it involves an explanation, and a very complete explanation, respecting the subject-matter, which goes back in this province some seven years, to 1945, and also in background it goes back some twelve years or more to the time of the Sirois Report.

In order to compress this statement into something of reasonable length I have prepared a statement, a copy of which I have given to my friend the Leader of the Opposition (Mr. Oliver), because I know that some of the figures are large and perhaps are apt to be confusing. I have also given similar copies to the

AN INTERCHANGE AGREEMENT BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF ONTARIO FOR THE INTERCHANGE OF CERTAIN TRADE MARKS OF ONTARIO.

CLERK OF THE HOUSE: Second reading, second reading of Bill No. 2 "An Act respecting an Agreement between the Government of Canada and the Province of Ontario for the Suppression of Certain Trade Marks of Ontario", Mr. Frost.

HON. MARIO M. TOBIN (Prince Edward): Mr. Speaker, I move second reading of Bill 2. In an interpretive or explanatory manner the Government of Canada and the Government of Ontario for the Suppression of Certain Trade Marks of Ontario.

In order to save the second reading of this bill, I quite realize that a lot of people [illegible] many companies [illegible], which goes back to this province. [illegible] 1948, and also in [illegible] trade marks [illegible] or [illegible] of [illegible].

In order to [illegible] this [illegible] [illegible] of [illegible] I have [illegible] a copy of which I have given to my friend [illegible] the Opposition (Mr. Oliver). [illegible] of the [illegible] [illegible] continuing. I have also given [illegible] to the

Press; and I might say, Mr. Speaker, that it is my intention to depart widely from the text of this statement, to "ad lib", as it were, and to interject explanations; but I assure my honourable friend, for his benefit, that I shall follow it generally.

Before going into this matter, I should like to say a word about the assistance I have had, now for many years, from my colleagues and from the members of the Treasury and the Government staff. Without attempting to cover the names of the civil servants who have been engaged in this important matter, I might mention Dr. Walters, the veteran Deputy Treasurer of this Province; Mr. Philip Clark, head of the Corporation Tax Branch; Mr. Brown, the Chief Accountant; Colonel McDonald, my deputy; Mr. Cotnam, the Provincial Auditor, who was appointed by the House and who is a man of very wide experience and of very great judgment. I should also like to mention a young man, - the Provincial Economist, and his chief, Mr. Chater. Mr. Gathercole, the Provincial Economist, for some seven years has sat very close to me in connection with problems involving Federal-Provincial relations, and I should like to acknowledge his services along with those others who have helped in this very difficult and complicated matter. I might say in this connection that last September Ontario was honoured with the meeting of the

National Tax Association. The word "National" there really refers to the United States, because the organization is representative of all of the States of the Union. They honoured us last September by meeting in this Province, and they asked Mr. Gathercole to address them. Mr. Gathercole's address was reported in the press. I have a copy of it here which I am very glad to give to the Leader of the Opposition (Mr. Oliver); and, indeed, I will be very glad to give a copy to any of the other members of the House who would like it, because this address, in my opinion, carries the thinking of the Government and of the Civil Service of Ontario having to deal with this problem. It is a very excellent address. Mr. Gathercole mentioned it to me some time before it was delivered. He was kind enough to give me a general outline of his address, -- which I admit, sir, I did not then have an opportunity of reading; in fact, I did not have an opportunity of reading it until after it was delivered; but it is so excellent in its terms and in the manner in which it deals with this subject that I send a copy of it to my honourable friend, and I shall be glad indeed to make other copies available to any and all honourable members of the House.

In describing the background of this agreement I have referred to the Sirois Report of some dozen or

National Tax Association. Mr. Jones (National) then briefly refers to the Guide Book, because the organization is representative of all of the States of the Union. They because to lay supervision by meeting in this Province, and they have Mr. Underwood to address them. Mr. Underwood's address was reported in the press. I have a copy of it also which I am very glad to give to the Leader of the Opposition (Mr. Oliver): and, indeed, I will be very glad to give a copy to any of the other members of the House who would like it, because this service, in my opinion, deserves the thinking of the Government and of the Civil Service of Canada having to deal with this problem. It is a very meritorious service. Mr. Underwood mentioned it to me some time before it was delivered. It was kind enough to give me a special copies of his address, -- which I admit, also, I did not then have an opportunity of reading in full. I did not have an opportunity of reading it until after it was delivered; but it is a question in the same sense in the House in which it could not be said of Mr. Bennett, I could say of it as my predecessor found, and I should be glad to make some copies available to any one of the Honourable members of the House.

In concluding the description of this very great I have reference to the Guide Book - some dozen or

more years ago; to the conferences which commenced, I think, on the 5th of August, 1945, and continued through until early May of 1946. I myself came in as Leader of the Government in May of 1949; and while I was intimately connected with and related to the negotiations and conferences which had commenced in 1945, from 1949 I had the conduct of the proceedings myself. As I make this statement I want to refer both to the background of the problem and to what has taken place in the meantime.

My first discussions after becoming head of the Government here were with the Prime Minister of Canada in September of 1949. My talks with Hon. Mr. St. Laurent were quite informal, quite "off the record"; indeed, it was agreed that subsequent discussions should not be put in the form of formal representations, that we should not engage in a war of ultimatums, delivering ultimatums to one another, but that we should agree to disucss these problems and consider points of view without putting them in the position that they were, as it were, formal and hard and fast policies which had been evolved by either Government. I think, sir, you will agree that perhaps under the circumstances that was the thing to do.

As I have mentioned on other occasions, a previous Leader of the Government of Ontario, Hon. Mr. Drew, had a

lot of negotiations and situations to deal with himself; and I may say I am satisfied that in many ways Mr. Drew's approaches and what he attempted to do were perhaps misinterpreted by many people. I would not for one moment suggest that my friends opposite would misinterpret what he said or what he did! I only point this out, that Mr. Drew in his day was dealing with different people from those with whom I had to deal, and, as I will explain here later, he was dealing with a subject-matter far more complicated in its commencement than the subject-matter with which I had to deal.

It is, perhaps, well to say what was achieved in the seven years between 1945 and the present time as a result of the negotiations which took place; and I would say that those achievements were not merely for the people of Ontario, but for the benefit of all Governments and for the people of Canada as a whole.

I might say to you, Mr. Speaker, that we all learn by experience. A great deal has been learned by all Governments in Canada since 1945, -- simply, sir, by trial and error, if by nothing else. Indeed we would hardly be fitted for membership of this Legislature, whether of the Government side or the Opposition benches, if we had not learned by the experiences that come about in this very complex time in which we live.

Since 1949 I have myself made many references to federal and provincial matters. The conference which I had with Mr. St. Laurent in September 1949 was followed by various other informal discussions of the whole problem; in other words, taking the blackboard and wiping it clean and starting all over again. We made certain submissions to the Federal Government. We had discussions with Mr. Abbott and with others in Ottawa. In my presence Mr. Abbott read the statement I read last September in relation to this, and it contained the statement that the proposal or offer made on the 3rd of December 1950, that is, the option which was applicable only to our province, really arose because of the discussions we had had in the meantime. So the proposal of 1950 was not a bolt from the blue, it was not a statement made without consideration; it was made after a good deal of collaboration and discussion with the Government here. Since that time that proposal has been refined in many particulars, but, though there have been numerous changes, it is basically and essentially the same as it was in 1950. I shall refer later on to these matters which arose as a result of negotiations that we had.

I may tell my honourable friends that on, I think it was, the 30th of August last I met with Mr. Abbott and we

reached a point where I think it can be said that there was a general meeting of minds. We had before us a memorandum very much in the form of the present agreement, which the House is now considering: we agreed that there was a meeting of minds to the extent of an agreement which we could initial, and so this agreement was arrived at. That occurred on August 30th. Between that time and the present a number of refinements and changes have been made in the original agreement; and, as I shall explain to the House later, I rather anticipate that before the formal signing of the agreement, which probably will take place before the 1st of November, there will be some additional changes. It can readily be seen from the subject-matter of this agreement that a great host of things have to be considered. However, I should say to my friends in the House that nothing which is contemplated will be of any substantial nature; it may be in the form of clarification or something of the sort; and that is the purpose of the wideness of section 1 of the Bill.

In the Budget debate of 1950 I made some general comments on this subject. On the general matter of Dominion-Provincial relations I had occasion to say that "too many people spent too much time emphasizing the difficulties of our Constitution, at the same time entirely

overlooking opportunities afforded right now in our Constitution for immediate action in many fields." I also said: "One trouble with Dominion-Provincial relations is the difficulties are exaggerated and remedies are minimized. That has been the tendency. There has been too much indulgence in talk about great difficulties which are attendant on making a division of taxing powers and responsibilities. The fact is that if Dominion-Provincial Conferences were called frequently on specific items, order would shortly evolve out of things in which there had been disorder because of a lack of co-ordination between the efforts of the Dominion and Provincial Governments. We should emphasize not the difficulties but the practical means that can be taken quickly to meet problems as they arise."

That was in 1950; and I think that that background has been the background and the spirit in which we have approached this problem.

In the next year, 1951, in referring to the present "refined" agreement which the House is going to consider; "May I say to the Honourable Members of this House that a proposal which was made last December was much more favourable, particularly to the Province of Ontario. In fact, there is an option which only the Province of Ontario could accept, and which is in much

better terms than the previous proposal."

I think Honourable Members will agree that when you are in a stage of negotiation it is well not to say too much; and I do not think I can be accused of doing so.

In 1952, last spring, I said:

"For the year 1952-53 we have prepared and balanced our accounts. We are budgeting for a surplus. None of this precludes the possibility of the Province entering into an agreement or agreements on tax matters. The door is wide open for discussion. In fact, discussions have been held and views have been exchanged on a variety of subjects. For the last five years we have been able to stand on our own feet without having hurt anyone, and we feel that we have helped not only ourselves, but everyone. Much has been learned. At the last Dominion-Provincial Conference, convened on December 4, 1950, the Federal Minister of Finance (Mr. Abbott) quite generously acknowledged this when he said:

> "I believe, too, that I should pay tribute to the general restraint and reasonableness shown by the two provinces which did not choose to enter into these tax agreements. In recent years, when financial demands have been extremely heavy, both provinces have in general

"pursued tax policies which, while conceived, of course, in the interest of the particular provinces, have not caused serious complications for the economy as a whole."

There are three consecutive Budget speeches in which, I think Honourable Members will agree, I have not in any way closed the door. Not only have I not closed the door but I have intimated that I invited discussions on this problem. I would refer my honourable friends to the occasion, about a year ago -- I think it was in October 1951 -- when I issued an election manifesto. I would recommend to at least some of my honourable friends opposite that they read it, because I think it is a very good manifesto. At that time I said to the people that "the Government has been endeavouring to re-align and re-allocate our tax system. Discussions have been held with the Federal Government in relation to taxation."

There, sir, is the background against which we continued our discussions at the commencement of this year; and as I say, last August we arrived at a point where there was a meeting of minds which enabled us to initial an agreement. Today that agreement, in a more refined form, is before the Legislature for confirmation in the sense that the Government of Ontario through

the Treasurer is empowered to sign that agreement.

Under the terms of the agreement, the Province will refrain from imposing personal income taxes, corporation income taxes, and special corporation taxes, such as taxes on capital, place of business and insurance premiums, during the period commencing January 1, 1952, and ending December 31, 1956. The Province will, however, continue to collect succession duties and taxes on income derived from mining and logging operations. There will be no increase in succession duty rates and the present method of allowing a tax credit to estates dutiable under the Federal Act of one-half of the Federal Succession Duty rate for duties paid to Ontario will be continued.

In return for the exclusive use of the personal income and corporation tax fields, the Government of Canada will pay annually to Ontario a guaranteed minimum payment, or an adjusted payment, whichever is the greater, less statutory subsidies and succession duty credits. The guaranteed minimum payment, which is the basis upon which the adjusted payments are calculated, amounts to $101,801,370. It is determined from the productivity of Ontario's tax fields in 1948 and is made up of the following four components.

First, the yield of a personal income tax at

5 per cent of 1948 Federal rates applied to 1948 incomes, amounting to $14,691,000.

Second, the yield of a tax of 8½ per cent -- which I shall explain to the House later -- on corporation profits earned in the Province in the same year, namely $67,565,000.

Third, the average revenue received by the Province from succession duties in the three fiscal years -- 1946-47, 1947-48 and 1948-49, amounting to $16,388,000.

Fourth, the statutory subsidies which were arrived at and conferred by the Act of Confederation, of $3,155,000. The whole makes a total of $101,801,000.

It may be confusing to some Honourable Members as to why succession duties would be included in the formula when succession duties are in fact not granted. That is for the purpose -- and in this I quite agree with the Federal authorities -- of providing uniformity across the board. If succession duties had been removed, the additional amounts which the Province would have obtained under the formula would have had to be made up by a different formula which would have required giving more and applying more in the corporation tax field. I will refer to that again in a moment.

I may say, as to succession duties we received in the form of compensation, we have received an average of Sixteen million-odd hundred thousand dollars with an escalator provision which this year, I think, gives us something of the order of $22,000,000 in succession duties. As against that there is a deduction of the amount of the credits allowed by the Federal Government for duties paid to Ontario in respect of successions arising from deaths occurring during the five-year period. As against that there is a deduction of the amount the Federal Government credits to Ontario on collections within Ontario, in other words half of the amount of their rate. I may say that that is complicated but nevertheless I think it is essentially fair. While we retain succession duties, to have left the compensation to be paid for succession duties out of the formula would have created a good deal of misunderstanding and difficulty.

Now as to the escalator clause. In each year of the agreement, the guaranteed minimum payment, that is the $101,000,000, is adjusted upwards for the increases in the gross national product at factor cost per capita and provincial population in the year preceding the year of payment over what they were in 1948.

The adjusted payment for 1952-53 is estimated at

$137.2 million; that is, the $101,000,000 for 1948 increases in this present year to something over $137,000,000; which reflects the increase in the gross national product per capita and provincial population between 1948 and 1951, less the statutory subsidies which will be paid directly to the Province in accordance with the British North America Act and amendments, and less the Federal credits which will be allowed to estates, by reason of Ontario collecting its own succession duties. It is estimated that with these deductions, the net guaranteed minimum payment will be $82,000,000, and in the current fiscal year ending March 31, 1953 the net adjusted payment will total $117,000,000.

The agreement does not disturb the existing statutory subsidies and the Province will continue to receive that revenue, amounting at this time to $3,641,000, in the regular way. The Province will also receive the revenue raised from imposing its own succession duties, but the rental payments the Province would otherwise receive will be reduced by the total amount of the credits, that is the statutory subsidy and the succession duties. Owing to the difficulties of determining in advance the exact amount of succession duty credits to be allowed -- because I am bound to

point out to Honourable Members that no other province has entered into a similar arrangement -- the annual reductions in the rental payments to the Province will initially be made by deducting from the payments to us the average of the succession duty credits allowed in the three preceding fiscal years, irrespective of the times of the deaths. As the succession duty credits are more accurately determined, adjustments will be made accordingly, and when the total credits are finally computed for deaths occurring in the entire five-year period, the balance owing to the Federal Government or to the Province, as the case may be, will be paid with interest at 3 per cent per annum from December 31, 1954.

The fact that both statutory subsidies and succession duties are subject to the escalator provisions, as I explained a moment ago, imparts certain financial benefits. For example, the succession duty component in the formula have a rental value to the Province in the current fiscal year of $22.1 million. It is expected that this year the deductions for succession duty credits by reason of Ontario's occupancy of this field will be several million dollars less than this amount. The difference may be regarded as an addition to the compensation received for renting the

corporation tax field. The amount we shall receive from succession duties will be, say, $22.1 millions.

(C-1 follows)

Our average collection in the last few years has been running, say, seventeen million or eighteen million dollars, so that the additional amount we receive there is really something which is paid to us for the rental of the corporation tax field.

That is magnified by this point, that the Dominion rates vary from ours. In some cases they are not quite so high, and the result is that fifty per cent of the Dominion rate amounts, on an average, to perhaps fourteen million or fifteen million, or sixteen million dollars, which is less than the amount we have been collecting ourselves.

The yield from a tax of 8½ per cent on the 1948 corporation tax profits, at the rate I have mentioned, this year will amount to $91,041,000. The statutory subsidy, which is retained and paid to the Province, some $3,640,000 to $4,251,000, an increase of some $600,000 by reason of this improvement in the rental formula and subject to the same escalator provision shows an addition of $610,306.

The increase in succession duty revenue -- succession duty being retained by the Province -- from $16,000,000 estimated in the provincial budget of 1952-1953, to $22,000,000 by reason of its inclusion in the rental formula, provides an annual increase of $6,083,000, or actual rental for corporation tax, in 1952-1953, amounting to $97,735,000.

May I mention now, Mr. Speaker, the matter of the 8½ per cent provision. The 8½ per cent provision is a statement arrived at in this way. Our corporation tax in this province at the present time is 7 per cent, and we have places of business tax and special tax on capital which average out, across the board, to about 8½ per cent. That was a point which the Federal Government conceded in our favour. I think the 8½ per cent was a generous appraisal of our taxation. As a matter of fact, I think it was somewhat higher than we thought the average of our taxes should be. Nevertheless, they accepted the 8½ per cent.

We, Mr. Speaker, back in 1947, appraised the 7 per cent tax plus a place of business tax. That is 2 per cent, plus the place of business tax, over the natural level.

I can say that did not hurt anybody, with these industries flocking into this province almost to the point of embarrassment. We have an industrial growth of every kind in this province, therefore the 7 per cent plus the special tax did not hurt anybody. As a matter of fact, as Treasurer of this Province, I cannot recollect ever having received a protest in connection with this tax. Why should there be? When we in this province were giving to our people

and to industry power at cost, giving them these great highways, under the direction of the hon. Minister of Highways (Mr. Doucett); we gave them lower provincial taxes than any place in Canada over-all; we are in the centre of a large section of the population of Canada, and we have numerous other things in our favour. Why should the corporation "kick"?

May I point out to the hon. members of this House that I was greatly interested in reading some articles in my favourite paper, which is published down on King Street, written by a very admirable gentleman, their financial editor, in which he proceeded to take apart the agreement which Ontario made. I suggest he come and see me and have a talk. I could clear his mind of many of the errors into which he fell.

The agreement itself does recognize Ontario's tax at 8½ per cent. That could not have applied if Ontario had gone into the agreement back in 1946. That is one of the benefits that is set out in the agreement, that we have received a just appraisal of our tax potential; in other words, the 8½ per cent is now translated into the Dominion agreement subject to the escalator provision. I ask the hon. members if that is worth while?

MR. J. B. SALSBERG (St. Andrew): Mr. Speaker, would the hon. Prime Minister tell us what the last amount was in the collection of these taxes, 7 per cent plus the capital tax, and so forth.

MR. FROST: Last year it was around $95,000,000.

MR. SALSBERG: What are we getting now?

MR. FROST: Now it is about $97,000,000 on this year's basis. Our estimate was around $89,000,000. We have been anxious to achieve an agreement which reflects the true productivity of Ontario's taxes. I will deal with that subject matter in a moment.

Now, Mr. Speaker, to reduce this agreement to its simplest and most understandable terms -- because it is a very complicated agreement -- the agreement with the Federal Government covers two fields only; corporation tax and personal income tax. While the Province may, in theory, occupy the personal income tax field, in practice it cannot. Thus, stripped to its true essence, the revenue of the Province from renting the two taxes for 1952-1953 is:

Corporation Tax	$ 97,735,654
Personal Income Tax	$ 19,796,680.

Mr. Speaker, that is the true essence of

this agreement, that really, when you rub out c all of the complications and all of the intricacies of this agreement, it means just this, that this year we will receive for corporation tax $97,000,000, and for personal income tax roughly $20,000,000.

I have had this question asked of me by one of the Government supporters today; I think it was my good friend the hon. member for Simcoe Centre (Mr. Johnston) who asked me this question: "Will the Province surrender any of its constitutional powers?"

In entering into the agreement the Province will not surrender any of its constitutional powers. The agreement states explicitly:

> 'It is agreed that neither Canada nor the Province shall be deemed by reason of having entered into this agreement to have surrendered, abandoned, or given over to the other, any of the powers, rights, privileges or authorities vested in it under the provisions of The British North America Act, 1867, and any amendments thereto or otherwise, or to have impaired any such powers, rights, privileges or authorities.'

Mr. Speaker, there is an important thing. It is a matter which gave us a great deal of concern, and which has been altered and changed since the

offer of December, 1950. Supposing this agreement does not work out; then we have our right of re-entry into the field. Under the 1945 proposal that was one of the problems which caused us a great deal of concern. I quite sympathize with any province which would feel that in entering into an agreement for five years it was making an irrevocable commitment. You can see the purpose of this wording here. Under this agreement there is a provision that if we do not like this agreement in five years' time, at that date we may re-enter the rented tax field on terms more favourable than exist at the present time. If Ontario does not renew the rental agreement, the Federal Government is required to allow for a five-year period, from 1957 to 1961 inclusive, the following tax credits:

> "(1) Allow as a deduction from the personal income tax imposed by the Federal Government a personal income tax imposed by Ontario of five per cent of the amount of the Federal tax. This will place the Province in the same position as it was before the agreement."

We had that in a somewhat wider form under the old Ilsley proposals -- if I may call them that -- in that they existed for one year. Now it covers a five-year period.

"(2) Allow as a deduction from the duty imposed under the Dominion Succession Duty Act an amount in respect of succession duties paid to the Province of fifty per cent of the Federal duty. This will continue the arrangement which has been in force and which will remain in force during the agreement."

You can see how that means a great deal to Ontario.

In 1947 we imposed a corporation tax of 7 per cent, which really meant that the tax level in Ontario was 2 per cent over the annual level, or the level of the agreeing provinces.

In 1957 -- and I hope and expect to be the Treasurer of this Province at that time -- if it is necessary to re-enter these fields, we may do so by imposing a 7 per cent tax, which will give us the same tax rate as at the present time, and constant and level with the agreeing provinces in the Dominion if this same situation exists. So I think you will agree there is a very great distinction there.

"(3) Allow as a deduction from the corporation income tax imposed by the Federal Government a corporation income tax imposed by Ontario equal to seven per cent of the taxable income of the corporation that is attributable to

operations in the Province. This is an improvement over the tax credit provided in the 1947 Act."

The adoption of this new tax agreement emphasizes Ontario's remarkable success in collecting revenues from its own sources during the past five years. In this five year period ended March 31, 1952, the Government of Ontario raised by way of its own taxes, but without imposing a personal income tax, over $13 million more than it would have received under a tax rental agreement. Had the Province levied a 5 per cent personal income tax during this five year period -- which it was entitled to do without raising the level of personal income tax in Ontario -- it would have obtained $71.2 million from this source alone. This means that in the past five year period the Ontario tax fields which might have been rented to the Federal Government had a value of $84.2 million more than it was prepared to offer to the Province as rental for them.

Mr. Speaker, for myself I cannot see that in the past the argument about the amount of rental was an essential argument. As I have said in this House before, when we entered the tax field ourselves in 1947, I never considered we would be able to collect as much from our own tax sources as we would get from the rental. But, as an actual fact, we not

only collected that, but we over-ran it without personal income tax by some $13,000,000. If personal income tax is included, and it is taken into the equation, we over-ran that by some $84 million. So that from the standpoint of tax collections and dollars and cents, we are very much ahead. I do wish the financial editor of the newspaper I mentioned would come up and have a chat with me, because I can assure hon. members that I am quite able to substantiate what I am saying and I could submit to him, or to any financial editor or official of adepartment or others, figures which will show substantially that my figures are correct.

In the years intervening since 1945 experience has, however, brought about a change of thinking and attitude in several regards and substantial improvements have been made in the agreement.

Here is an important consideration. As I say, it was not in the period from 1946 to 1952 a matter of dollars and cents, but it was the principle involved which was so highly objectionable.

One of Ontario's objections has been that the previous formula was not based upon actual tax collections within the province or related to the capacity of the province to produce. On this fundamental point, recognition was given in

December, 1950. Since the initial Federal proposal at the Dominion-Provincial Conference in August, 1945, there have been several upward revisions in the amount of the rental payment.

In other words, the Ilsley proposals were a formula which was pulled out of the air, and had no relation whatever to Ontario.

On this fundamental point recognition was given in December, 1950, and I will say that I am quite sure that was arrived at in our conversations which started in the fall of 1949.

The guaranteed minimum payment to Ontario has been raised from forty-five and one-half million in the first offer to fifty-eight and three-tenths million in January, 1946, and to sixty-seven and two tenths in January, 1947. Under the present arrangement, the guaranteed minimum payment in the formula is $101,800,000, which is an increase of $56,300,000 over the 1945 proposal, and $34,600,000 over the 1947 proposal.

Mr. Speaker, I have not been too interested in the amount of the minimum payment. I have too much faith in Ontario to believe we will ever require the minimum. I am looking at the tax dollar, and the expansion which can take place in this old province of ours.

However, for those who are cautious, the minimum payment has been raised from $45 million in the first offer to $58 million in the offer of 1946, to $67 million in 1947, and now under the present formula has been increased to $101 million, which is in excess of $56 million over the minimum contained in the offer made in 1945. So I think you will agree if we consider this from the standpoint of dollars and cents, it has paid in a way that has been very fair to this old province of Ontario.

The adjusted payments have also been improved. If the 1945 and 1947 proposals were extended without alteration, the adjusted payment to Ontario in 1952-53 would be $115 million and $118 million respectively, whereas under the agreement you are being asked to approve, the comparable figure is $137 million -- an increase over the previous offers of $20 million annually. Moreover, the Federal Government has so modified the basis of calculating the rentals as to make them more sensitive to rapid growth in provincial population and national production.

You will see that was another essential point of difference. We did not want to rent taxing fields to the neglect of productivity, because productivity is a reflection of responsibility; therefore, we wanted to arrive at a formula which

was more sensitive to the growth of this Province of Ontario.

It is true that the former Prime Minister of this Province was dealing with different people, and dealing with a different situation. I think perhaps this will disclose one of the problems of 1945-1946. In 1946 Mr. Drew first made an offer to rent the tax fields of Ontario -- all of the tax fields -- in what has been referred to by some people as the "XY formula," but, in any event, it was the formula of May 1, 1946, made at that Federal-Provincial Conference.

One of the stubborn obstacles to agreement at the 1945-46 conference was the Federal Government's unwillingness to recognize that if the provinces suspended their corporation and personal income taxes, they should have a reserve of taxing power in other fields in which to operate. At that time, the Federal Government insisted on being compensated for any loss in revenue resulting from the repeal of the wartime levies on gasoline, amusements and electricity. It made several suggestions in this regard: that as an offset to the loss in revenue from the Federal Government's vacation of the gasoline or amusement tax field, the rental payments to the provinces would be reduced correspondingly, or the Federal Government would withdraw its proposal to pay half the cost of

old age pensions for needy persons in the 65 to 69 age group. Since 1945-46, the Federal Government has given recognition to our position by withdrawing from these fields of taxation, and it has also raised the exemption limit of estates subject to succession duty to $50,000. Although we have contended that they should vacate the succession duty field entirely, they have at least taken one step towards meeting our contention.

I think the hon. Leader of the Opposition (Mr. Oliver) will see how different that was, to go down and make an offer to Ottawa and have the right hon. Minister of Finance make the suggestion that if they were going to vacate the gasoline tax field, the province would compensate them for it. That sounds ridiculous in 1952.

Frankly, I do not think it was put forward but as a suggestion by the Right Hon. Mr. Ilsley and the Dominion Government. We have learned, from our experience, that was the reason for it. The Federal Government said, "All right; if the Drew offer is accepted then we would expect the offsetting loss in revenue from the Federal Government's vacating these fields to be taken from the provincial revenue, which would be reduced accordingly." You can see how much would be left of this $137 million if we had to take off

the amount which the Dominion Government vacated in these various fields.

The Federal Government then made this proposal, that if they were considered the Federal Government would pay one-half the cost of old age pensions for needy persons in the 65-69 group. I ask hon. members opposite, in fact, all the hon. members of this House, if any of you had been the Premier of this Province at that time, would you have accepted such a proposal? What we have done is to wait, and I think we have waited until there was a better understanding of the problems of Canada. In the meantime, the Federal Government, without compensation from the gasoline tax and these other taxes I have mentioned, is paying one-half the cost of the 65-59 old age pensioners, and it is in effect today. This agreement comes in in addition to that.

I ask the hon. members, and I ask some of those who apparently do not know, if they would accept a proposal such as that of 1946 and 1947.

In 1945-46, and since that time, the Federal Government has given recognition to our position by withdrawing from these fields; they have raised the exemption of estates up to $50,000, and I think we have contended they should vacate the succession duty field entirely, and I am sure hon. members of this

House will see the day when the Federal Government will do that, because it is right and proper. In fact, they have already taken a considerable step toward our contention.

The allowable tax credits which will come into force in 1957 should the Province re-enter the rented fields have been substantially improved under the new agreement. These credits are now guaranteed for a period of five years, from 1957 to 1961, instead of the one year under the former agreements. In addition, the corporation tax credit has been raised from 5 per cent to 7 per cent of income. Some of the principal changes in the new agreement which has been negotiated may be summarized. Some of them were made before, and some after, the December, 1950, Dominion-Provincial Conference. They are as follows:

(1) The recognition of Ontario's tax potention, the formula being based upon actual corporation and personal income tax yields in 1948 with an escalator which will reasonably reflect the increased productivity of the Province.

(2) The arrangement respecting corporation tax and personal income tax has been made more sensitive to the expansion of the Province by use of the previous year's population and gross national product per capita rather than the three year average as formerly.

That is important, that it be recognized now, because it is in relation to Ontario's natural resources.

(3) Provincial logging royalties and taxes based upon profit have been recognized as a deductible expense of companies for Federal income tax purposes.

(4) Provincial mining royalties and taxes based upon profit have also been recognized as a deductible expense for Federal income tax purposes.

The hon. member for Brant (Mr. Nixon) will recollect back nine years ago when the reverse was the case, when the Federal corporation tax was deducted as a cost of doing business before we calculated our royalties in this province. I cannot imagine anything more stupid or silly or unjust. It was not the fault of any one government; it goes back to the year 1900, but it has all been reversed today, and the mining tax and logging royalties have been linked together.

(5) The retention of succession duties by the Province has been agreed to and, while the Province has contended that the Federal Government should vacate this field, nevertheless, the present position

is an important recognition of the Province's representation.

You have these considerations involved in succession duties. They are matters closely related. I find it difficult to see why the Federal Government should make a capital levy on property or business which is located within the province; it is more closely related to civil rights.

(6) Protection to the Province by inclusion in the agreement of the provisoes for re-entry into the field as outlined previously and particularly in the increase from 5 per cent to 7 per cent of the corporation deduction for Provincial tax. This protection is now guaranteed for a period of five years after the termination of the agreement as against one year under the 1947 Act.

Now, subsection 7 reads:

(7) The vacation by the Federal Government of four of the five tax fields claimed by the provinces in 1946, namely: gasoline, amusement, electricity and gas, and pari-mutuel.

I give full credit to Hon. Mr. Ilsley and his associates. I think it was very comprehensive

I have heard some hon. members of this House who no doubt are lacking the knowledge of the circumstances, say, "Oh, well, you did not enter into this agreement years ago; look at what you have lost in other things." Well, let me say this to you,

It is true that the 1945-46 Federal proposal was a comprehensive plan, involving, besides tax powers, such matters as timing grants for capital works, old age pensions, and a scheme of health insurance. I am continually surprised at how many people are still unaware of the great extent to which this programme has already been implemented. We have a very active public projects programme now under way with the Federal Government concerning highways, forest conservation, housing, health, the St. Lawrence Seaway and Power Development, and technical surveys. Federal health grants have now been payable to the Province for four years. Then, the old age pensions programme was brought into operation on January 1 last without any agreement at all, providing for pensions without the means test to those 70 years of age and over and to all needy persons between 65 and 69, with a means test. Thus, a great part of the programme proposed in 1945 has been adopted. That part which has not already been implemented has required further study, and this has been so acknowledged by the Federal Government.

We have been very active ourselves in regard to our working programme. For example, instead of embarking on a great range of capital works, we have been persuaded, in view of inflationary forces and the full employment of resources, to restrict our capital outlays to essential purposes only.

In regard to the timing grant, there never has been, since 1945, the necessity of a timing grant. The purpose of the timing grant was to meet unemployment conditions in Canada, but we have been through a period of time of high employment; therefore there has been no necessity for a timing grant.

Although Federal timing grants have, therefore, not been employed, we stand ready to co-operate fully on them. A system of health grants has been adopted, but the full health insurance programme has not yet been established. This decision has not depended upon whether any province signed or refrained from signing an agreement. This Government has had health insurance under constant study for several years, and our position is one of giving every encouragement to the study and ultimate establishment of a sound plan of integrated health services. We early recognized, however, that the key to the provision of health services was the adequacy of hospital accommodation. For that reason, back in 1946-47 we

introduced a programme which has since been emulated by other provinces as well as by the Federal Government, of providing capital grants to assist and accelerate the construction of hospital accommodation. We have also given a great deal of attention and assistance to measures for increasing the number of medical and nursing personnel.

I might give you all sorts of examples of that, the East Block, the Liquor Board building, the Workmen's Compensation building, the roads programme all over this province, all of which have been restricted because the Federal Government has asked us to restrict them. So we cannot get the timing grant under those circumstances.

(D-1 follows)

(Premier Frost)

I know my friends may doubt what I say on that point. They may say, "This man is dolling this up, putting a lot of veneer on it." I am glad to see that that is the view of at least one of the honourable members opposite, because I am going to put in the box a great witness for my side, the Prime Minister of Canada. I do not know whether my honourable friend the Leader of the Opposition (Mr. Oliver) would agree with my doing that, but in any event I will do so for the benefit of the Opposition. Mr. St. Laurent has on several occasions endorsed the position we have taken, and not later than September 5, 1952, he said in Victoria, British Columbia:

> "I don't feel that the Government has the right to give Canadians contractual rights to hospital treatment until there is sufficient accommodation in the hospitals to enable the Government to fulfill that obligation. I don't feel sure that there is sufficient hospital space to enable all who would have contractual rights to receive hospital treatment."

Let me say to my honourable friends that possibly they, or some of them, should have had a chat with their great leader before their last provincial election, and perhaps he would have advised them against certain

bed-fellows into whose company they allowed themselves to be tumbled. I quite agree with Mr. St. Laurent. I think the great problem is one of providing hospital beds.

We, in Ontario, are doing everything possible to rectify the shortage of hospital beds. Our record exceeds that of other provinces. Nevertheless, it should be remembered that we have a rapidly growing population, and that raises difficulties which are very difficult to meet. It is not very long ago since, speaking in this House, I referred to Ontario's population having passed the four and a half million mark. I said that it would have exceeded that number by the spring of 1951. But, Mr. Speaker, today our old province has grown to over four and three-quarter millions, and it is not going to be very long, a matter of a year or two, until Ontario's population goes over the five million mark. One can quite see the difficulty in providing hospital beds when we have not a static population in this province. We have a growing populatior We have not only to provide housing and roads and foster industries in which people can work, and do a host of other things, including the provision of schools, but it is always an uphill fight, with a population increase of up to 15,000 people a month, to overtake the shortage

of beds. I would say we are making magnificent progress, and we will do and continue to do the very best we can. But in itself it is a problem.

The new tax rental arrangement is, therefore, a great improvement over the old. It meets a number of Ontario's proposals, commencing with the brief submitted in January, 1946, and we have made sound progress toward implementing the whole program of public investment and social security which at that time was outlined. I ask my honourable friends to remember that most of what was talked about in 1946 is already in effect in this country of ours. We believe the arrangement is the best that can be arrived at at the present time, but we do not think by any means that it is the best arrangement that can be devised. I certainly would not stand here today and say that it is. As a matter of fact, having read Mr. Gathercole's address, which reflects entirely my point of view, I read only today an address by a gentleman from Quebec, whose name I think is Dr. Lajoie. In speaking before the Chamber of Commerce in Ottawa on this same subject, he said: "To achieve these things it is not necessary for the provinces to enter into such arrangements." I entirely agree. I think that it would have been equally possible for us to have accepted other alternatives

that were put forward to permit Ontario to collect its own corporation tax with a ceiling in return for a rental of the personal income tax field. But, Mr. Speaker, I have long learned this that when you enter into negotiations and dealings with people you cannot get everything you want. Perhaps it is a good thing that we should not get everything we want. I have come to the conclusion that to make progress steadily you have to do these things in an atmosphere of give and take; and that is what we have done.

Ontario has consistently sought an arrangement which would recognize fundamental differences between the provinces and meet the needs and the wishes of our sister province of Quebec, and of all the provinces, without at the same time raising the cost to the Federal Government. We might have come to a very simple arrangement, under which we might have agreed not to alter our taxes for a period of five years, in return for revenue from a personal income tax of 5 per cent of federal collections. However, as I have said, we could not get that, and we have done the best we could. On its side it has certain compensations: a lowering of administrative cost, less obligations for the taxpayer, a reduction in Ontario of 2 or 3 per cent to corporate taxpayers, and other benefits. So the advantages were

not all on one side.

Back in 1946, the Federal Minister of Finance introduced a measure providing that provinces that did not receive a rental payment could levy a personal income tax of 5 per cent of federal collections in the province without raising the level of taxation. That has never been implemented by the Federal Government, Despite any persuasion that I could exert -- and I assure you that I and my colleagues did our best to argue the federal people into that -- we were unable to do it. They would not rent the personal income tax field except as part of the package agreement with the corporation tax field, and that is where we compromised and came to an agreement. I tell my honourable friends opposite, and all my friends in this House, that I think that was a mistake on the part of the Federal Government, and I believe that before many years they will recognize it. It has been realized in Australia as a mistake, since the Federal Government and the state governments of Australia are pulling out of that sort of thing.

Mr. Speaker, I come to you here with a proposal which will provide a payment to Ontario, subject to certain checks and balances, of say thirty-seven or thirty-eight million dollars a year. I must tell you that I cannot see the sense of the Federal Government

imposing $130,000,000 of taxes in their Budget and so making it that the Province of Ontario is not to impose taxes for that amount. I think it is a profound error. I believe myself it will be far better if Ontario were collecting her own ninety or one hundred million dollars from corporation taxes and if, in the interests of efficiency and good business, the Province were paid twenty or twenty-five million dollars a year for personal income tax. However, as I say, we cannot get everything we want, and I have got to do the best I can, and on the other side of the picture the arrangement has benefits.

MR. NIXON: Have you dropped your claim?

HON. MR. FROST: I never drop anything. It is without prejudice.

MR. NIXON: You have not washed it out altogether?

HON. MR. FROST: Oh, no. I always keep these things. Some day people will look back on the story of these things. The Federal Government said it would not get out of gasoline tax unless it were compensated. Well, common sense has put them out; of course it has. I will say that 1957 or thereabouts is going to see provinces that can paddle their own canoes, paddling them, and they will be far better for it. That applies to Quebec, to Ontario, to British Columbia, to Alberta, the

wealthiest of the provinces, and I hope they will all make so much money that they will be able to paddle their canoes and get out of this business, which I do not think is a sound proposition. However, I do not think the people of the Province of Ontario would think it good business now, when we have a proposal which will give the Province in the next five years, when we shall very much need it to build roads and do a lot of things, to wave aside the hundred million dollars which we might receive for personal income tax. That, I think, is the background of this thing. I believe, in view of the safeguards we have, the sane and sensible thing to do is to accept this arrangement. I think we can make the adjustments if we want to; and all our constitutional positions are protected.

This is not the place to discuss our general budgetary position, or our municipal problems. The signing of this agreement will not solve Ontario's tax problem. It is at best a stop gap, pending the working out of a more satisfactory disposition of sources of taxation and revenue. Some of my friends may say, what sources? Liquor and tobacco taxes ought to come to the provinces. If we had them, the picture would be very much altered. I think that that is one of the next sensible steps which will be taken. I have

already said in this House, as I said to men representing the industry in various parts of the Province, that if we had tobacco taxes, first we could cut the tax in two, and then we would have lots of money to do some of the things that we should do. The municipal problem is dependent on a shift of taxes and revenues from the Federal Government to the provinces and from the provinces to the municipalities.

One of the important things about an agreement of this kind is that it provides a background for further agreements. Here are two governments which are able to do certain things. Neither is entirely satisfied, but they have come to an agreement, and if they can agree in this case they can do so in connection with other things. We have urged the Federal Government to begin discussions with the provinces now with a view to obtaining these objectives. The present tax system is outmoded. The rapid growth of industry and population in Ontario has created enormous demands for provincial and municipal public services in the form of new hospitals, schools, highways, sewers, water-works and projects for conservation and pollution control. But in the face of this expansion, the tax structure has remained immobile and out of balance with the requirements of the provinces and municipalities.

Our object should be to achieve a tax structure that is favourable to industrial expansion and gives full play to the willingness and power of the people to work and save. At the same time it should be clear, equitable and in balance for the need of each level of government. We must aim not only at social justice in taxation, but also at devising a system which best assures that economy and efficiency in government services will be encouraged.

In that spirit we recommend that we enter into this agreement, with a view, we hope, to far greater things in the future than we have been able to achieve, despite the fact that we have been able to enter into an agreement about the St. Lawrence and the Niagara and old age pensions and all of these things.

At the Dominion-Provincial Conference of 1945 -46, an Economic Committee, consisting of technical advisers of the Federal and Provincial Governments, was established and accepted as permanent machinery by all the governments to serve as a fact-finding body on taxes and other fiscal matters. This Economic Committee held meetings in December, 1945, and again in January, 1946, but its work was not continued. We have urged the Federal Government to re-constitute this Economic Committee. The Committee should be directed to study the Canadian tax structure,

including the distribution of taxes and revenues, and the allocation of functions among governments, and to report on the fiscal measures which will best serve to promote good government at all levels.

I think that is the objective of us all, and I think it is a proper proposal to get this thing out of the heat of controversy and into a position where it can be given the consideration which business people, like, I think, ourselves in this House, would give it.

The negotiations from the beginning leading to this agreement have been conducted in an atmosphere of good will, and there is every reason to believe that much progress could be made in developing a more permanent and satisfactory solution through the studies and reports of the Economic Committee, in days to come, by people who are anxious to see what the problem is and what is the solution.

In the light of that inspiration, I move the second reading of this Bill. In so doing I again say that it is by no means a perfect arrangement, but I think it constitutes an advance. It reflects a feeling on the part of both governments that we can improve the present situation, and that we can go ahead with arrangements and agreements which are calculated to extend the progress of our country and which, under

present conditions, with the expansion of our country and our province, are needed.

MR. F. R. OLIVER (Leader of the Opposition): Mr. Speaker, the Prime Minister (Hon. Mr. Frost) this afternoon, in a very extensive and exhaustive review of this matter, presented to the House the views of the Government in relation to the problems of the Dominion-Provincial agreements.

I want to say at the outset, Mr. Speaker, that we on this side of the House are very glad this afternoon to have the opportunity of seeing the things that we have advocated for a number of years come to the stage of completion that we are at this afternoon. As Members of the House will recall, we have repeatedly urged the Government to get down off its high horse and to try to negotiate with the Federal people for the consummation of such an agreement as we have before us. At once I can say that we are going to support the second reading of this Bill, because we feel that it is a good thing for Ontario, we feel that it is something that should have been done five or six years ago, but it is better late than never, in some of these things, and that philosophy will have to be accepted in this particular case.

As the Prime Minister intimated this afternoon,

in 1945-46 there were seven provinces which made deals for the Federal Government for the rental of taxation fields. This year, in 1951-52, these agreements are up for renewal with the various provinces, and it is interesting to note that after five years' experience the provinces that had these agreements have renewed them with the Federal Government; true, on a better basis, and getting more rental for the various fields, but they have been satisfied to the extent that they have renewed the agreements with the Federal Administration. I would say in that connection that in my judgment that establishes a pattern for the days that lie ahead. Irrespective of whether the Prime Minister or myself or anyone else fails to appreciate this sort of negotiation and understanding and achievement, I think the fact that these provinces have renewed their agreement with the Federal Government is an indication that that is the pattern for the years to come between the provinces and the Federal Administration and that does not exclude a very important factor, that there will be necessarily alterations made along the line, there will be compensating payments here and there, but the pattern is here. I think it stands to the credit of this province that at least we have made ourselves part of that pattern.

The Prime Minister spent a good deal of time this afternoon telling the House the reasons why this Province did not enter the agreement in 1945-46. I am not going to spend very much time on that, but I will say this. The Premier says that by not entering into the agreement in 1945-46 we have saved some thirteen million dollars, that we have excess revenues of $13,000,000 over those that would have been obtained had we gone into the agreement in 1945-46.

Of course, if one would examine that picture for a moment, there are some factors that make the picture just a little different. For instance, the 2 per cent of corporation tax itself would have amounted over the life of the agreement to much more than the estimated saving of $13,000,000. I think all of us in the House would agree to that. Another thing: since 1945 to the present time this Government has not been wise in these things; it simply has been particularly lucky; and if we had not had the buoyancy of revenues that we have experienced during these last five years the Prime Minister would not have been able to get up in this House and say "We have saved you $13,000,000". The shoe would have been on the other foot. We have had the experience of my honourable friend estimating $108,000,000, and when the actual figure was revealed

it was $25,000,000. If these conditions, which my honourable friends, even, did not expect, were not prevalent, we certainly would not have had the condition we have today, nor would the Prime Minister have been able to say "We have saved $13,000,000. It may be that we took a tremendous gamble at that time, and it may be that my honourable friend can say he has won that gamble. But this is a picture that I think we should place before ourselves and the people of the Province when we are discussing the second reading of this Bill: it is because of the buoyancy of the revenues that we have been able to break even, and the buoyancy of the revenues had little or nothing to do with the administration of the various departments; it was merely a condition of the times, engendered in most cases by good administration of the Federal level. I put that in for the information of my friends opposite.

My honourable friend has been talking some time this afternoon about the "package agreement" of 1945-46. I agree at once that it is quite hard to place a monetary value on what might have accrued from that package agreement had it been accepted by the Province of Ontario at the Conference of 1945-46, but I think it is significant to remember when we are calculating that we we gained $13,000,000, that surely that package was worth

something. There would have been an offsetting figure against that $13,000,000 of some consequence, when the Federal Government offered us an agreement on old age pensions in those days, offered us a financial understanding in relation to unemployment relief, offered us grants for capital, and offered, as my friend has suggested, a health insurance plan embracing the whole of Canada. Now, my honourable friend says that since that time we have received health plans from the Federal Government; but the health plans we have received, Mr. Speaker, have been small and insignificant to what we would have received had the health insurance plan been inaugurated back in 1945-46-47. They are only a miniature of the real program, only a fragment; and it is not right to say that the small health grants we have received since 1945-46 compensate for the fact that we were not able to bring in health insurance four or five years ago. The same is true of unemployment and the other things that are offered in the package of 1945-46.

I end that part of my remarks by saying this, that I suppose for years to come there will be those who argue that we won our gamble by not signing in 1945-46, while others, with equally strong arguments, will say that we lost the gamble we took in 1945-46. I wanted to

point these things out to indicate that everything is not in the Government's favour: there were factors involved in that field which, if they could have been put in effect, would have redounded to the good and welfare of the people of the Province of Ontario.

I would like to speak this afternoon on the question of unemployment and the financial responsibility for it, but my colleague who will speak later is going to deal with that. To me that is a tremendous problem, and one that is not dealt with by this agreement at all. In fact, if you look at No. 14, it says there is no responsibility on either party for unemployment in any way, shape or form; but that is a problem which had some consideration, at least, in the Conference of 1945-46.

I would say to the Prime Minister (Hon. Mr. Frost) that I am awfully glad he rose to the defence of Mr. Drew in relation to these negotiations, this afternoon, because I do not feel in the humour to do it personally. I am glad that he did it if it had to be done, because I always felt that, had the present Prime Minister been the Prime Minister in 1945-46, we would at least have been not so far from that agreement as we were when Mr. Drew was the Premier of the Province. I think that is not only a safe statement, but one that is very true. Mind you, for this particular thing, not for the whole field; I am

talking only of this particular matter.

Of course, when this Province did not go into the "package deal", as it is commonly called, the offer was withdrawn. Since that time there have been those of us who have urged the present Government to try and write a new deal with the Federal authorities and rent these taxation fields. At the end of August this year the present Government did just that thing.

I was interested to hear the Prime Minister this afternoon. It may be argued that up until now, by using all the bookkeeping technique that we can get around us, we did win a few million dollars, but it is equally certain that if my honourable friend had not signed this year he would have lost much more than that in the years that lie ahead. So that psychologically he caught the right moment. There is no question about that. There is no question about it - he who runs will be able to read -- we, as I said last year, would be better from this time on in a deal with the Federal Government than we would be out of it.

(E-1 follows)

And it is a good thing for the people of Ontario, that the present Government has sufficient eyesight to see that particular thing.

Now, I want to deal with one more point and then leave it. It has to do with how much we are going to gain by signing this agreement with the Federal authorities. I did not hear the hon. Prime Minister mention any specific amount this afternoon. I imagine he could not very well because the newspapers say we are going to gain some $25 million by having gone into this agreement. I think that would depend on just what our actual income is over our estimated income. The $25 million is based on an estimated income. If we run $10 million or $15 million over the estimate, then we will not have gained over $10 million or $15 million, so we cannot be very accurate about the figure.

But, assuming for the moment, and for the purposes of argument, that we are going to gain $25 million from this agreement, there are one or two things which immediately enter one's mind. What are we going to do with the money we have gained? What is the best purpose for which this money can be used?

I remember quite clearly last spring, just before the House adjourned, we were discussing this famous 5 per cent of income tax, and the hon. Prime Minister said, "If we could get Ottawa to 'come across'

with this $20 million, we could go out and relieve the hard-pressed municipalities of some of the heavy burden they are bearing --"

MR. FROST: I do not recollect that statement.

MR. OLIVER: I can read it for you in a moment.

MR. FROST: Did I say that?

MR. OLIVER: This is the statement. I said at the start it was a pretty weak case, and at that time that was a sound observation.

The hon. Prime Minister said,"No, it is an excellent case. I think that morally and in every other way we have a good case." He said, "I say again that it is only a matter of reasonable approach and reasonable treatment of the problem. If this were done it would enable us to recognize very much to their benefit some of the great problems of our municipalities."

MR. FROST: That is right; I did say that.

MR. OLIVER: That is fine. Then, the hon. Prime Minister last year, when this debate was on, felt if we could get this money which was morally due, but legally undesirable, from Ottawa, we could come to the aid of the hard-pressed municipalities.

Now, we have got $25 million, according to the press reports, and yet the hon. Prime Minister says

this is not an answer, not even a partial answer to the problem of the hard-pressed municipalities.

MR. FROST: Mr. Speaker, I may say to the hon. Leader of the Opposition (Mr. Oliver), although I do not want to interrupt him because, after all, he was very reasonable when I was speaking, but I think perhaps what we are discussing now might better be discussed on the budget motion.

I might say to the hon. Leader of the Opposition that the words I used, "Reap benefit to the municipalities" -- why, I could refer him to that great Toronto by-pass. What could benefit Toronto more than that great by-pass?

MR. OLIVER: You did not need $20 million for that.

MR. FROST: I am fully cognizant of what I said there.

MR. OLIVER: The hon. Prime Minister mentions the great Toronto by-pass. He did not need $20 million for that. This is something new, and now due to the municipalities.

I think the hon. Prime Minister is hardly right when he says this should be discussed in connection with the budget motion. After all, it is a statement that he made in his speech, carried all through these negotiations, and I have a perfect right

to speak to them for a moment or so.

I would say, Mr. Speaker, if this Government is to gain some $25 million from the fact that they have entered into this agreement with the Federal Government, then they have a moral obligation, if nothing else, to come to the aid of the hard-pressed municipalities. There never was a time in the history of this province when the municipalities have had such a hard time to meet their obligations. Their taxes are going up all along the line, and this Government is now able to say they are gaining $25 million, and yet they say in the same breath, "You do not need to expect anything, municipalities; there is nothing in this package for you."

I suggest to you, Mr. Speaker, and through you to the hon. members of this House, that one of the benefits which should accrue from the consummation of this agreement with the Federal authorities is that the money which is saved by that agreement should be used to ease the burden of our hard-pressed municipalities throughout this province. And yet the hon. Prime Minister specifically says that they are not to be participants in this thing. He says that this is not the answer at all to the municipalities' plight. I say it should be an answer, and I would suggest to you, Mr. Speaker, and through you to the

House, that some day, whether we will it or not, we will have to come face to face with this problem of these municipal needs, and there could not possibly be a better time than now, when the money is available, and the opportunity is present.

I want to say it is our intention to support the measure on second reading, and throughout its tedious course in the House.

Some hon. MEMBERS: Hear, hear.

MR. W. J. GRUMMETT (Cochrane South): Mr. Speaker, in the first place I may say that we in opposition here are rather in an unfortunate position. The members of the Government, particularly the hon. Premier, have had an opportunity of studying this problem, and have all the details at their finger tips. We only received the Bill yesterday, and have had but a short time to study it, and if, in addition to that, you are not inclined to like figures, you would perhaps find yourselves in the position in which I find myself here this afternoon, of not being in what I feel to be a proper position to give this matter due consideration.

However, I agree with the Bill, and I must say at the beginning that we in our group intend to support the Government in this Bill.

I also wish to emphasize what the hon. Premier

has mentioned, and that is in this Bill the Province is losing none of its autonomy. I have heard a great deal of comment on that point, and I must say I disagree with that view. We will only rent something which belongs to us. If we want to, we can get it back. After a period of years the renting ceases, and the power comes back to the province. We have lost nothing; it is only an experiment. If it works out, all right; so much to the good, but if it does not work out we have the right to take it back after the period has expired, so there is no question about the Province losing any of its autonomy.

There are one or two things in the Bill about which I am disturbed, Mr. Speaker. The first item appears in the first section. When the Bill was handed to us there was appended to it the agreement, but the very first clause says that the agreement may be amended, and be changed considerably,and we would have nothing to say about it. We in this Legislature are handed this Bill with the agreement pinned to it, but if, after one or two weeks, the Federal Government or the Provincial Government decided to change the agreement materially, that may be done without the consideration of hon. members of this House. I do not think that is exactly right. I think if we are asked to consider a bill to which an agreement is

has mentioned, and that is in this bill the treaties
is losing some of its sovereign. I have heard a great
deal of criticism on that point, and I want say I dis-
agree with that point of view. We will only lose what belongs
which belongs to us. If we want to, we can get it
back. After a period of years the Canadian Government
had the power under that to do anything. We have
lost nothing; it is only in abeyance. If it works
out, all credit to those in the land, but if it does
not work out we have the right to take it back after
the period has lapsed, so there is no question about
the Provincial taking hold of the situation.

There are one or two things in the bill about
which I am concerned, Mr. Speaker. The Provincial
Government in the first instance. When the bill was
brought in and Ontario had objected to it the Government
had the very great courtesy that the amendment had
been made, and to changed considerably, and we would
have no time to do anything. We in this Legislature
in Canada have only with this agreement placed in it.
But it, after one or two weeks, the Federal Government
or the Provincial Government decided to change the
agreement materially, that may be done without the
consideration of the members of this House. I do
not think that is exactly right. I think it is
wrong to introduce a bill to which an agreement is

pinned, then that agreement should be the agreement which would be entered into between the province and the Dominion. Otherwise, present us with the Bill, let us vote on the Bill, and not on the agreement, which may be substantially changed before it is finally signed by the province and the Dominion.

MR. FROST: I may say, Mr. Speaker, for the benefit of the hon. member for Cochrane South (Mr. Grummett), that all the other provinces have merely taken enabling p - powers after the fashion of that first clause. I do n know of any case where the province has submitted to its Legislature the details which we have submitted here tode

I can assure the hon. members that there is no radic change contemplated. Supposing we get to Ottawa, and this agreement has been arrived at between the Department of Finance, the Treasury Department, and our Attorney-General's department. It is conceivale that the Depart ment of Justice - which finally, I believe, has to do wit the agreement - might say, "Here is a section which might have some implications which we do not like. It might affect some right or power, and we would like a little different wording." Those things can always happen, and I point out to the hon. member that without the en-ablin provision there, we would not be in a position to change a word, or change a comma of this agreement

without consulting the Legislature.

That is the purpose in that paragraph.

MR. GRUMMETT: I welcome the hon. Premier's explanation, but I would like to point out again that the section is very, very wide. It contains a wide provision. I do not think it was quite necessary to have that wide provision in the section.

Also, the hon. Premier was a little skeptical of the need of a minimum provision in the agreement. I think the minimum provision is necessary. We know there will be $101,800,000 due the province each and every year. Should anything happen which would lower the income in the different fields, then we are assured from the Dominion of the payment to us of $101,800,000.

I think a bottom figure is useful in the agreement.

Now, the hon. Premier also laid great stress on the fact that this agreement is better than one which could have been obtained several years ago. Changes have occurred in the whole provincial set-up. Conditions have changed; we have increased our population and our industries have increased tremendously in that period of time. It is only natural that the payments should be greater than they would have been five or six years ago.

Also, I agree with the hon. Leader of the Opposition (Mr. Oliver) in his criticism of Section 14 of the agreement. I cannot see why that provision had to be put in the Bill at all, dealing with unemployment. It would have been far better --

MR. FROST: That was put in for the protection of both sides. It was not for the protection of the Federal people any more than for ourselves. The Federal people are collecting unemployment insurance, and we quite rightly take the position of emulating what was done by the hon. Leader of the Opposition (Mr. Oliver) when he was Minister of Welfare, and removed certain provisions from the Act in connection with unemployment.

We take the position that it is a Federal Government matter, and we do not want to get into any agreement to obscure that point of view.

On the other hand, we are quite willing to give the Federal Government our assurance, and I am sure the hon. member (Mr. Grummett) will see the purpose of that agreement.

MR. GRUMMETT: Another point raised by the hon. Leader of the Opposition (Mr. Oliver) with which I agree is in regard to the situation of the municipalities. I do not believe there is an hon. member in the House here today who will not agree that the

municipalities are hard-pressed. Take, for instance, just in the one field, that of education. Some years ago we increased the grant to schools in legislation introduced at that time --

MR. SPEAKER: I do not want to narrow the debate. I allowed the hon. Leader of the Opposition (Mr. Oliver) to discuss the distribution of this money. I have not seen the Bill, but from the presentation by the hon. Prime Minister, the subject matter of the Bill is the matter of an agreement, I believe. However, I stand to be corrected on that.

I gave the hon. Leader of the Opposition certain leeway, but I think I must draw attention to the fact that the Bill before us has nothing to do with how the money should be distributed by the Government. If we go into that, we will have an endless discussion. I think we must confine ourselves to the principle of the Bill at this point.

MR. FROST: May I say, Mr. Speaker, to the hon. member (Mr. Grummett) that on the Budget motion, notice of which was given this afternoon, if he wants to speak on matters of that sort, it is quite all right. I might have something to say then myself.

MR. GRUMMETT: Mr. Speaker, I shall reserve what I have to say on that point until that time.

I have no criticism to offer against the Bill as it stands, or against the agreement. It is very complicated, and it is very difficult to follow. I just had a short glance at it yesterday evening, and perhaps as we go through the Bill section by section in Committee of the Whole House we can bring forward certain points, such as the criticism I offered as to Section 1, and perhaps there are other sections where certain objections may be raised, and we can then limit ourselves to the section we are dealing with at the moment, and perhaps bring these points forward at that time.

It is a difficult thing to take the principle of this Bill with such little warning, and debate it in a fair and reasonable manner.

MR. HARRY NIXON (Brant): Is there not a provision in Section 11 of the Bill that distributes $250,254 to the municipalities? That would properly bring that subject into this discussion.

MR. FROST: I may say, Mr. Speaker, that that applies to a specific matter. That is an old matter involving the Railway Tax Act, going quite a way back. It has nothing to do with the subject matter of this Bill. It has to do with the old Railway Tax Act, in the days of Sir Oliver Mowat. If any hon. member wants to debate that, it is quite all right.

It is part of the agreement, but it is an old matter which has been simply carried along.

MR. NIXON: Nevertheless, it has to do with the disposition of money.

MR. FROST: That could be debated, but I do not think it raises the whole budgetary provisions in a Bill of this sort. If we are going to discuss here the municipalities' position, that involves the whole Budget position, because one-third of every tax dollar we raise goes to the municipalities. I think $118 million or $119 million in the last Budget went to the municipalities. It has nothing to do with this Bill.

MR. OLIVER: The hon. Prime Minister discussed it in his speech this afternoon.

MR. FROST: I think it is fair to say that it is arguable if this agreement is or is not a cure for our ills. As a matter of fact, I do not think the Province argues that, and I think that question is quite different from the one as to where the money should be allotted. I think that is a matter which could be properly debated under the motion, notice of which was given this afternoon.

MR. J. B. SALSBERG (St. Andrew): Mr. Speaker, I rise to speak on the principle of the Bill before us, and am obliged to say at the outset that I

cannot agree with the previous hon. members, who said that the Bill should be supported on all sides of the House as it is presently before us.

Frankly, Mr. Speaker, I consider this Bill as a sort of curtain drop to the political farce which has been played for the last seven years, a play in which the present hon. Prime Minister and Treasurer has played a very important role. It may be true that the former Premier, Mr. Drew, played an even more important part, but then he was the top man, and I suppose chose for himself the most glamorous part of the play.

But there is no doubt that the hon. Prime Minister, other hon. members of the Cabinet, and the supporters of the Government played their due role in that play.

I think that the Government until now played the role of the villain. I think the people were made the "goats", and suffered as a result of that play, and I think further that not simply did the people of this province and the people of Canada suffer as the result of that obstructionist play, but the way it has ended is adding insult to injury. The climax of the play, before the curtain drops, is this: the people have suffered. Those who benefited from this obstructionist play are given a tremendous

plum, a colossal plum, of about $150 million to $200 million more for the next five years. That, Mr. Speaker, is the truth of the situation.

Those, I submit to you, are the bare facts of the whole situation, and I say, Mr. Speaker, that the conclusion to which I have come will be supported by any impartial examination of all the facts involved. The people have lost and the corporations have won.

Now, Mr. Speaker, the matter of the Dominion-Provincial tax arrangement is not, I think, a theoretical question, not an abstract question, not even a principal question. It is a practicable question, and it depends on what angle you approach it from. Approaching it from the viewpoint of the common people, the whole issue is one of what arrangement will be beneficial to the greatest number. If you approach it from the point of view of the big corporations, then the Dominion-Provincial tax issue is an excellent football to evade responsibility for the social welfare needs of the people.

Mr. Speaker, I suggest that is the way the matter stands. No amount of dressing it up will alter it, and the whole history of the Dominion-Provincial discussions will prove that contention to the hilt.

The political group, for which I have the

privilege to speak, has approached this question at all times from one point of view, namely the interest of the greatest number of people, and that is why before the Sirois Commission we presented a brief which was commented upon by that Commission as one of the major presentations made to it. We advocated Federal responsibility --

HON. DANA PORTER (Attorney General): Who is "we"?

MR. SALSBERG: -- major social benefits to the people.

MR. PORTER: Who was "we" at that time?

MR. SALSBERG: We always repeated that position whenever the issue came up. Since 1944, we had a very consistent position. The former member for Bellwood (Mr. McLeod), who unfortunately is not occupying a seat, but who I am glad to say is with us in this Chamber at this moment -- and I welcome him -- even more than I dealt with this question throughout the years he was in the Legislature, and throughout these occurrences, and we favoured an agreement, and we still do.

We criticized the Drew Government. We sharply criticized the position taken by the present hon. Premier, who was then the Treasurer only, because we felt that the issue was utilized for political

purposes. No one ill question that. No impartial person will.

It is all very nice for the hon. Prime Minister, in his inimitable fashion, to say that the people have changed, and times have changed. Of course, everything changes. Nothing is static. But one thing which cannot be changed is the things which have happened in the past, and it is an unchangeable fact that Mr. Drew, more than any other member of that Government, utilized the Dominion-Provincial issues for political purposes, and to sharpen the fight between him and Ottawa, with an eye to Federal leadership, and with an eye to the Prime Ministership of Canada. We criticized that. We said -- and still do -- that such matters must not become political footballs. We also said -- and I repeat this -- that Mr. Drew and all those who have continued that policy through the years were actually blocking an understanding which could have, if properly approached and handled, benefited the people immensely.

Mr. Speaker, we never said that the Dominion Government presented a proposal that was fully acceptable, because they did not. We are in favour, as a group, of discussionsand negotiations which will take into account that which we believe will be essential for

a Dominion-Provincial tax agreement, namely the re-allocation of Federal social responsibility, with an eye to bringing about the social benefits we have been denied until now.

What were we told at that time? We were told, Mr. Speaker, that the expansion of the principle of renting the rights of the Province to collect personal income taxes and corporation taxes, was tantamount to the breaking up of Confederation. We were told that to accept the principle that the Dominion Government offered meant the destruction of provincial rights, and yet Mr. Drew and his Government stood forth as the champion of provincial rights.

(F-1 follows)

The Prime Minister has quoted from past speeches and documents, and it is good that he has done so, if only because it makes it possible for others to also quote.

I have in my hand the almost complete submission that the Drew Government, ably supported by Mr. Frost, made to the Dominion-Provincial Conference early in 1946. It was printed on two pages of the "Globe," and I have the yellow pages of that journal in my hand. What did the Government say and what did supporters of the Government do? I recall those scenes very vividly. They banged the desks until the chandeliers trembled when Mr. Drew challengingly said that he would never surrender the rights of the Province, he would not be a party to the break-up of Confederation. The desks were pounded; at that time there was quite a competition in the ranks of the Government supporters, for everybody was anxious that his pounding should be heard above the others.

MR. FROST: May I clarify something for my hon. friend? Mr. Drew himself, in December of 1946, made a proposal for the rental of not only these two fields, but the succession duty field -- which, I think, makes it perfectly clear that he did not think that entering into an agreement would break

up Confederation.

MR. SALSBERG: The Premier says what Mr. Drew said on another occasion. I have what he said after careful deliberation and put down in writing; it stands above everything else. Here it is. What is written cannot be unwritten. I quote from that statement in the "Globe".

> "When it was proposed in 1942 that the Provinces should abandon their two most important sources of direct taxation, this was done with the assurance that it was to be for the duration of the war emergency, and only for that period."

MR. FROST: What are you reading from?

MR. SALSBERG: To repeat -- I am reading from the submission that the Drew Government made to the Dominion-Provincial Conference. The submission was printed in the "Globe" in two full pages on Monday, January 7, 1946.

MR. FROST: All right.

MR. SALSBERG: Now you will recall the introductory quotation I selected. In another paragraph I quote again:

> "But a very different situation arises with the end of the war."

And then, further on:

"If the Provincial Governments, and in turn the Provincial Legislatures, were to abandon their most important sources of taxation in return for an annual payment on a fixed basis, they would place themselves in a legislative strait-jacket.--"

MR. FROST: Of course, I quite agree.

MR. SALSBERG (reading):

" -- from which they could only escape by abandoning still further powers in return for added payments at some date in the future."

MR. FROST: That is an excellent statement.

MR. SALSBERG: And further down:

"If the Provincial Governments placed themselves in such a position that they were only able to expand their activities with the approval of the Dominion Government --"

MR. FROST: Hear, hear.

MR. SALSBERG. (reading):

" -- they would become little more than local administrative commissions of the Dominion Government and the Provincial Legislatures would cease to possess anything but the form of administrative responsibility."

MR. FROST: That is right.

MR. SALSBERG: And further:

"No matter what the intention may be, the almost inevitable result which would follow the acceptance of such an arrangement would be the ultimate abandonment of the Federal system in favour of a unitary system of government in Canada."

MR. FROST: That is right. I may say I like that brief so much that I am going to send the hon. member a bound copy of it. It will not be just in the form of a newspaper excerpt, but it will be in the form of a bound copy.

MR. SALSBERG: I will be very thankful to the Prime Minister for sending me that copy. In fact, I would be thankful for getting anything from the Prime Minister. One gets so little from him that even that would be greatly appreciated.

MR. FROST: I think in that brief we were wrong in connection with our national adjustment proposal. Experience has shown that, but fundamentally that brief was excellent. I hope my hon. friend will read and mark it.

MR. SALSBERG: I hope to have a copy, so that I can read it. The Prime Minister, speaking in the capacity of Treasurer, said similar things in this House.

MR. FROST: That is right.

MR. SALSBERG: He said in 1947 things which would sound strange if they were repeated today after his mild introduction, his almost embarrassing introduction to this Bill.

MR. FROST: Oh, no. Read the conclusion of the Budget speech; it is good reading.

MR. SALSBERG: In 1947 the Prime Minister said in this House -- and this time I have it in a bound volume, borrowed from the Library; it was retyped because it is a little bigger type for me to read:

> "Ontario is being offered a deal by which she would receive a yield lower than any other province. In addition she will have to assume some of the burdens of social services which the Dominion have previously offered to carry."

Then he quotes another delegate to that convention, accepting fully what the other delegate said. He quotes the Hon. Angus L. Macdonald, of Nova Scotia, who is quoted by the speaker as having said the following:

> "We are asked to surrender our rights to income and corporation taxes, two fields which, as I said, yielded last year something in excess of one and a half billion dollars. That is the position which the Provinces are asked to take. Let me ask you, Mr. Chairman, and the delegates

here, whether they represent the Dominion Government or the Provinces. Let me ask anyone who is within sound of my voice. Let me ask that greater body to whom we as public servants are commendable, the citizens of the provinces and of Canada: let me ask any of these people whether they think that is a fair, an honourable, a dignified position to place the Provinces of this Dominion? Provincial autonomy will be gone and Provincial independence will vanish. Provincial dignity will disappear. Provincial Governments will become mere annexes of Ottawa. Provincial public life -- and I do not think these words are too strong -- will be debased and degraded."

Now, the Treasurer in that speech --

MR. FROST: I would agree with that.

MR. SALSBERG: -- fully aligned himself with those words.

MR. FROST: If I were living in Nova Scotia I would feel the same as Angus Macdonald.

MR. SALSBERG: In 1948, in a speech in this House he said something similar. The logical thing to do at this moment is to ask, in all sincerity, whether the Government of this Province was right then

or is right now; whether it was wrong then or is wrong now.

MR. FROST: Right both times.

MR. SALSBERG: You cannot be.

MR. FROST: Yes.

MR. SALSBERG: No, you cannot. Well, maybe you can, but it is difficult for me to conceive.

MR. FROST: You are never right at all, at any time.

MR. SALSBERG: If it is true that giving up these two taxation rights means the degradation of everything, the destruction of provincial rights, the destruction of Confederation, then you are obviously tuilty of doing this now, because you propose in this Bill that you surrender these rights. Then you are a party to the destruction of provincial rights. Then the Government is a party to the destruction of Confederation. If you were right then you are wrong now.

MR. FROST: Oh, no.

MR. SALSBERG: And if you are right now when you assure this House that this Province does not surrender its rights, does not become a mere messenger boy for the Dominion Government, that it still preserves the historic rights of the Province, then you were wrong then. That is a fact. I want to say,

Mr. Speaker, that the Government is not right now. They were motivated by pure political considerations then, and I am wondering what political considerations they are motivated by now, in addition to some other things. Is it possible that the hon. Premier is afraid that an economic crisis is upon us and that it is dangerous to continue his present course? Is it possible that he and his advisers have come to the conclusion that there are elements of a recession that would shake the financial position of the Province, or is it possible that this Government has concluded that the main purpose of the Dominion-Provincial discussions at the time, namely the attainment of financial arrangements to make possible the introduction of long-delayed social welfare schemes, has already been defeated, and there is no danger now that they will be resurrected, and therefore no opposition is necessary?

MR. FROST: They are nearly all implemented.

MR. SALSBERG: I am afraid, Mr. Speaker, that there are elements of each in this case, in the motivation of the Government to sign an agreement at this time. I think that the Government is afraid of an economic recession. I think the Government does realize that by now the major social welfare items have been pushed to the background so long that these

will most likely remain merely a topic of discussion after a long period.

By the way, the Premier spoke of the haste with which we built hospital accommodations. One would, of course, come to the conclusion that at best we will hold our old position. Certainly we are not going to surpass the position of deficiency that we were confronted with some years ago, because the population grows, and while we build more hospitals the population grows faster; and so we go around in a circle, and the shortage remains as acute as ever. This poor Province could not do a thing; the Dominion could not do a thing; now we are all doing everything, as says the Premier. He now purrs almost as though he has embraced the Ottawa Government. You know what love and affection emanates when the Premier refers to the present Finance Minister at Ottawa. They cuddle up and they give compliments to each other; and the Premier proudly reads from what the Dominion Minister said in the West; and the Dominion Minister will read what the Prime Minister of Ontario has said about everybody being worthwhile, everybody trying their best, and of course the population grows so fast we cannot solve any shortage of beds, and therefore a national health scheme is somewhere far, far in the distance, and we don't have to worry about that.

I want to say that I disagree with the Premier when he says that in matters of social welfare we have pretty well solved everything. That is not so. We have no national health scheme; and this Government signed the agreement without caring very much whether we will have such a scheme or not. In other words, that which was the main concern of the people in 1944, 1945 and 1946 -- and I have before me the proposals of the Government of Canada, as the Premier has, where national health is a big item, unemployment is a big item, municipal taxes are a big item -- now this Government evidently no longer believes what it said, that it would not sell the birthright of the Province; it signs the "packet" and throws over all of the social welfare plans that motivated the thinking of the people and influenced their attitude towards Dominion-Provincial negotiations. Obviously the Governments in this agreement, agree that no one is responsible for unemployment. That is what they agree: no one is. When, a couple of years ago the unemployed came to this Parliament Building and appealed for help, the Premier said we could not do that because it was a Dominion responsibility, although these men were standing in the soup line on Spadina Avenue in zero weather, although men in Toronto were sleeping in boxcars in below zero

weather; the hon. Premier said he sympathized with them, and undoubtedly he did. Personally I am sure his heart is warm and sympathetic towards the needs of every individual. My problem with the Premier is to keep that warmth going when we deal with people at large. The Premier sympathizes with them, but we are not to assume this responsibility. He signs a "packet" and he agrees with Ottawa that no one is responsible -- neither you nor we, and we will let the matter stand.

On municipal questions, of course the Government has decided to scuttle the issue. It did not insist on a solution of this problem. I am not going into figures, Mr. Speaker; I am speaking of the principle of the question. It is an issue that the hon. Prime Minister and everybody here has acknowledged publicly as being one of the most critical in our public life, but it is to be allowed to go by the board without as much as a scuffle.

Mr. Abbott likes Mr. Frost, and Mr. Frost likes Mr. Abbott; and all is happy, except municipal governments and the home owners and municipal tax payers.

Now, Mr. Speaker, let me remind this House of an incident which happened here on a certain Thursday of our 1952 session. It was a memorable day; I cannot forget it. It was a grand spectacle. We were discussi the five percent. personal income tax, which was ours, bu for the collection. The Prime Minister said the usual thing, - "it is up to Ottawa"; and Ottawa said "If you want it, go and collect it"; and it was used as a football and money was not collected, and hospital beds were not built, and municipalities were not helped to the extent they would have been. But what happened? Because of narrow partisan considerations, on that Thursday, April tenth, hon. members of this House supporting the governmen rode forward into battle against the federal government li the knights of yore. Every single hon. member rode in he on the same kind of steed, spear held high, trying to slay the dragon, St. Laurent, on the five-percent. issue. You remember that? I sat at this point of vantage here, an I observed that spectacle. Member after member came in. The hon. member for Hamilton Centre (Mr. Warrender), I thi had it all figured out to a decimal, what five percent. wou mean for his constituency. So with the hon. member for Kingston (Mr. Nickle) and other hon. members. I do not

want to embarrass my Toronto colleagues, but they, too, were in on it. They had it all figured out, exactly what five percent. would mean in Kitchener, in London and elsewhere. They were going to go back and rouse the people to slay the federal government on the five percent., because according to thehon. member for London (Mr. Robart) it meant so much in hospital bills and taxes and things. All true. Well, Mr. Speaker, the government signs a pact and bring it here for our approval. But I say to them, "You have not solved that problem. You have brought back, you claim, $25,000,000 extra money:"and all of the knights of yore depart from the scene, as in the story books, when the sun rises and the cock crows. They all depart. Where are they this afternoon, Mr. Speaker? I do not think they ride out now as they did on April tenth, and say "$25,000, means so much for London and so much for Toronto, in taxes and hospital beds, and higher pensions. We want that". They have vanished, disappeared. Not a man in armour left. Like paper dragons after the rain - all gone. Evidently, what you say in April does not hold in September nor in October. The enthusiasm of early spring has completely disappeared in late fall. They sit here not - those who are the house - and they raise not a voice, and no one challenge this government to do the things they challenged Ottawa to Silence.

I want to say, Mr. Speaker, that the extra money the

the government boasts of, is not extra money at all; it is the money that was there, year in and year out, for you to collect. But the government did not collect it. Now, as a result of the agreement, the government will get it. But it was there, and if it is good money now, it was good money last year and the year before. Let us speak in terms of hospital beds and pensions, and if this good money is the thing you boast of, and shout about from the house tops, then you are guilty of having failed to get that money in all the past years, - about seventy-five million dollars or more. You have failed.

Not only that, Mr. Speaker, but we hear talk about having better conditions now than were possible in the pas I question it. In reality, all that this government is getting now is what it was offered before, except that the population has grown, production has grown, and on the basis of that formula, of course we are given more; but we would have had essentially the same thing until now, but we failed to get much of it. What does the government do? It brings back the bacon, not camouflaged bacon, like the $25,000,000. which was there, but if it is good edible stuf you should have brought it last year and the year before, a we pleaded with you to do. But you brought the bacon for Corporations in the shape of a reduction of their corporati tax payments to the tune of around $40,000,000. a year. They, not thepeople, are the ones who get the bacon. In fi

years that is almost $200,000,000. If you want to know the essence lof this thing, that is what it is: only one group benefits from this agreement, the corporations of Ontario. They will be very happy. They save for themselves $200,000,000 in five years, and the people will have lost enough money to build beds fast enough to catch up with the population, so that we can offer them health insurance.

I fully agree with the position taken by the Trades and Labour Council of Toronto. That is a Labour-led Council; not "Red" dominated, a cleansed Council. Here is what they say, according to the report of a resolution which appears in the Globe:

> "Although we are in favour of paying taxes to one source, and, in effect, are happy that an agreement has been consummated..... nevertheless, we cannot condone the fact that by this agreement Big Business has been served a gift of $30,000,000 yearly."

I pause for a second to say that they did not give the full amount; it is more than $30,000,000. as the Treasurer very well knows.

Then, further:

> "No mandate was given either government to grant a $30,000,000 concession to corporations

in Ontario, and deprive the citizens and the country of $150,000,000 in the next five years, it concluded".

and so on.

It is because of these considerations, Mr. Speaker, that I could not possibly vote for this Bill, and will not vote for this Bill on second reading. It is a Bill which, as I said at the beginning, climaxes a plot carried on for the last seven years between the government of Ontario and Ottawa, to the detriment of the interests of the people. I cannot vote for this Bill, because it fails in its essential requirements, - a package settlement which would provide a national health insurance scheme, that would settle the question of unemployment, that would settle the problems - the critical problems - of our municipal governments.

If I could get anybody to support a motion, I would move a motion, Mr. Speaker, along these lines:

"That this Bill be not read a second time now, but it be read a second time at the next session, - "

I would not now say "Six months" so that it will be killed.

"----and that we instruct the government to go to Ottawa and demand that a full conference be called for the implementation of a social-welfare plan

for the people of Ontario and Canada, such as a national health scheme, the financial problem of our municipalities, the problem of unemployment, etc."

That is the important thing in any settlement. Failing to get that, what do you get? In reality, Mr. Speaker, the people get nothing from this arrangement. The settlement only shows how incorrect the position of the government was in the past, and reveals to some extent failure to get the considerable amounts of money we did not get, and it ends up by handing over a plum of a size never before handed over in public to the richest section of our population.

(Take "G" follows).

MR. SALSBERG: If I could get such a seconder, I would gladly move my motion. Otherwise, I shall limit myself to voting against it, and to speaking against it, both in this House and outside.

MR. ALBERT WREN (Kenora): Mr. Speaker, I move the adjournment of the debate.

Motion agreed to.

HON. L. M. FROST (Prime Minister): Mr. Speaker, in connection with the adjournment of the debate, I would like, if we could, to complete the second reading of the Bills we have before us tomorrow in order that we may go into committee on Thursday and consider the Budget motion for the Supplementary Estimates.

Therefore, if it appears tomorrow afternoon that we are not able to complete the second reading, I would like hon. members to hold themselves in readiness to sit tomorrow night, so we can clear it up. I do not think that will be necessary, but in any event, I think we might be prepared to do that.

Mr. Speaker, I move the adjournment of the House. We will proceed tomorrow with this Bill, and the other Bills introduced by the hon. Attorney General (Mr. Porter) and the hon. Minister of Highways (Mr. Doucett), and follow that with the Supplementary Estimates.

Motion agreed to.

The House adjourned at 6.02 of the clock p.m.

ONTARIO

Second Session
of the
Twenty-Fourth Legislature
of the
Province of Ontario

0

Toronto, Ontario, October 20, 1952, et seq.

0

Volume III

Wednesday, October 22, 1952.

0

HON. (Rev.) M. C. DAVIES, - Speaker.

R. C. Sturgeon,
Official Reporter,
Parliament Buildings,
Toronto.

Volume 3.

P R O C E E D I N G S

of the

SECOND SESSION OF THE TWENTY-FOURTH LEGISLATURE

OF THE PROVINCE OF ONTARIO, ASSEMBLED THIS TWENTY-

SECOND DAY OF OCTOBER, A. D., ONE THOUSAND NINE

HUNDRED AND FIFTY-TWO, AT THREE O'CLOCK, P. M.

- - - - - -

Toronto, Ontario.
Wednesday, October 22, 1952.
3:00 o'clock, p. m.

- - - -

3:00 O'CLOCK, P. M.

And the House having met.

- - - - - - - - - -

Prayers.

MR. SPEAKER: Presenting Petitions.

Reading and Receiving Petitions.

Motions.

Orders of the Day.

HON. L. M. FROST (Prime Minister): Order No. 1.

BILL RESPECTING AN AGREEMENT BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF ONTARIO FOR THE SUSPENSION OF CERTAIN TAXING ACTS BY ONTARIO.

CLERK OF THE HOUSE: First Order, Resuming the Adjourned Debate on the motion for Second Reading of Bill No. 2, An Act respecting an Agreement between the Government of Canada and the Government of Ontario for the Suspension of Certain Taxing Acts by Ontario. Mr. Frost (Victoria).

MR. A. WREN (Kenora): Mr. Speaker, it is not the intention of the Opposition benches to labour this debate on the Dominion-Provincial Tax Agreement, but I must say that I do not share entirely the eagerness of some Honourable Members to dispense with our business so quickly to enable us all to return to our homes. Perhaps those of us from northwestern Ontario who can claim to have travelled the greatest distance would be

the more eager to return. It is, after all, the best part of Ontario. However, since we have journeyed this far to take part in the debates of this Legislature, I think it is our duty, not only to the Opposition ranks, but to the Province as a whole, to fully explore the meaning of the agreement and to present any suggestions the Opposition may have to make to the Government.

The Leader of the Opposition has, I think, made it it clear that it was not our intention necessarily to oppose this legislation, because certainly the Liberal party has in several sessions urged upon the Government the advisability of entering into an agreement with Ottawa.

I feel that one of the significant omissions in this Bill and in the agreement which is part of it is section 14 of the agreement, which states:

> "14. Nothing contained in this agreement shall be construed as an admission by either party to this agreement that the said party is responsible for the whole or any part of the cost of the relief of unemployment, either during the operation of this agreement or at any other time."

The Hon. Provincial Treasurer (Hon. Mr. Frost) when discussing this Bill in his address yesterday, made some reference to the need for impressing upon Ottawa the allocation of the right to impose liquor and tobacco taxes; at least, to pass that right over to the Province of Ontario. It would be in fact a request to Ottawa to rent their taxing powers, because the taxes levied on liquor and tobacco are indirect taxes and, of course, beyond the statutory powers of the Province to levy. We also in this Province do levy direct liquor taxes, and I might add that the liquor traffic operated by the Government of Ontario is perhaps one of the biggest businesses in Canada today, and one producing, I suppose, the greatest percentage of profit.

I suggest to the Government that the first thing that should be done following the passage of this Bill and the conclusion of this agreement with Ottawa is immediately to press for some solution regarding responsibility for unemployment and unemployment relief, particularly in this Province. What this agreement is doing to Ontario is adding to the uncertainties which already exist in our municipalities. It just impresses upon us and upon every citizen of this Province that the first,

and the costliest, appeal by a person seeking relief for unemployment will be to his municipality, simply because this agreement has failed to negotiate any responsibility for the relief of the unemployed or the unemployables. We on this side of the House urge that that problem be given immediate and sustained attention.

The Prime Minister said yesterday that he has every confidence in the future of Ontario. It is a confidence which all of us share. But I think that any person conversant with affairs in the world today would say that we must be and should be prepared for eventualities, because, as I said at the last session of the Legislature, a good deal, perhaps the great portion of our prosperity today is dependent upon hostilities in another part of the world. At one time or another, we sincerely hope, peace will be concluded, but the advent of peace will bring with it serious problems, particularly in dislocation of industry and of employed persons; and when that occurs, I repeat, the municipalities, not the Province or the Dominion, are going to be faced with the immediate responsibility of dealing with relief. I emphasize again that it was the duty of this Government to in some way determine responsibility for unemployment;

and certainly it should now be the responsibility of the Government to insist that some source other than owners of real estate should be made liable or responsible in case this need should occur.

One of the serious consequences which has followed the seven year delay in concluding this agreement is the inability of the Federal Government to shape plans and devise weapons to deal with unemployment and with depression, or recession, whenever it shall occur. It is indeed a serious situation that in these times, these buoyant times, when we should have been planning, as we did in setting up our Federal unemployment legislation and so forth, and devising weapons and legislative means for dealing with the problems that occur in periods of depression, we have done nothing except to develop a somewhat doubtful optimism.

Another serious delay, something important to the welfare not only of this Province but all our sister provinces, is the delay occasioned by failure to sign this agreement and, following, the implementation of national health insurance.

In the Honourable Prime Minister's address yesterday he referred to the statement by the Honourable Prime Minister of Canada in which he intimated that the

Government could not conceivably enter into health insurance schemes at this time, when there did not appear to be sufficient hospital beds that would be available to persons entering into contracts of this kind. I suggest, Mr. Speaker, that it is first of all the responsibility, constitutionally and otherwise, of the provinces to provide hospital beds; and second, I assert that the Prime Minister of Canada could make no other statement than the one he made, because before a national health scheme could be implemented and before this and the other provinces could develop hospital bed space, there had to be agreement between the provinces because hospital control is constitutionally a provincial matter; and, secondly, this seven year delay in dealing with the Federal-Provincial agreement has prevented Federal authorities from making the necessary plans to provide or to encourage this necessary hospital bed space.

Perhaps one well known political leader might have been in less serious difficulties last year and might not have had to raise an issue of this kind if the planning had been done by those who should have done it.

Nevertheless, the need for a national health insurance scheme is one of our paramount needs in

Ontario and in Canada at large.

Another important feature of the proposals which were offered to Ontario, and one which we in north-western Ontario seriously deplore, was the offer of the Federal Government to take over the responsibility for development of access and development roads. I think that the north particularly has suffered severely by reason of the fact that sufficient access or development roads have not been built. Perhaps it is considered by the Government benches sufficient to say that certain significant expenditures have been made on access and development roads, and to a certain degree I would agree with a statement of that kind. But I do suggest, Mr. Speaker, that there is grave need for an extensive construction of access roads which could have been made possible through an agreement of this kind. It is only through investment in our future and investment in our natural resources that we are going to realize the developments which are possible. Therefore I feel that this feature of the agreement is something which involves added cost to the people of Ontario.

As the Prime Minister (Hon. Mr. Frost) pointed out yesterday, this agreement in effect is a rental agreement. We are turning over none of our

constitutional powers; we are giving Ottawa none of the absolute control which might be feared in some quarters. In fact Mr. Drew, speaking in Timmins the other night, showed some concern about that very thing, reversing in that respect his opinions of former years. However, he is in a different political sphere and perhaps has had to develop different thinking. It was in 1946 proposed to rent certain powers or allocate certain powers on a temporary basis, and in 1946 we could have entered into an agreement, as we are proposing to do now, which would have enabled us to change or alter it at the end of any given period.

I feel most sincerely, Mr. Speaker, that the time has arrived when agreements of this kind should not and cannot be further delayed. Agreements between our provinces and our Federal Government are something which far-thinking men will have to deal with realistically. We here are not two provinces, we are not just Ontario and Quebec, we are part of a great country; and, in supporting this Bill, I would urge upon the Government that they take into consideration those important matters which were once offered by Ottawa and which are not now contained in this agreement. I particularly appeal to the Government to immediately deal with the problem of

relief for the unemployed and the unemployable. As every Member of this House knows, our municipalities have reached the point where their revenues are no longer equal to their responsibilities and to the responsibilities which will be placed on them in the future.

It seems that some concern is felt by the Government as to an article which appeared in the Toronto Star on September 30 and October 1 dealing with this agreement. In those articles, which I too have read closely, there was some conjecture, but no more conjecture than is contained in the written statement which the Prime Minister read to this House yesterday. A good deal of these things have to be conjectural. But, as responsible people in Ottawa will tell you if you inquire, these articles were carefully scrutinized by those responsible people and they find no serious quarrel with them.

HON. MR. FROST: Who were the people who scrutinized them?

MR. WREN: Officials of the Department of Finance and officials of the Bank of Canada are, I think, competent people to deal with articles of this kind. The Provincial Treasurer suggests that anyone who requires information on these subjects should

come to him. I agree that that is proper, but I would also suggest that a statement as all-embracing as the one which was read yesterday could be produced in an equally all-embracing and profound manner by economists who were instructed by our side to prepare an argument against it.

I suggest, therefore, that we accept these proposals in a general way and we commend the Government for their attitude in submitting this Bill to the Legislature. Though it is seven years late, we are now prepared -- we in the Opposition ranks -- to support this measure, as, in the words of our Leader, "It is better late than never." Thank you.

HON. MR. FROST: I did not just catch what my honourable friend said in connection with the development of access roads in the north. I find there has been some misunderstanding in some quarters, that the Federal Government had offered to share with us in the building of what we might term minor or development roads. I may say that no such offer has ever been made. There was a provision of that kind some nine or ten years ago, but it has not applied during the time I was Minister of Mines or Premier. I may say that if the Federal Government were to offer today to share in the building of minor

and access roads I would accept at once, with gratitude.

MR. OLIVER: Was there not such an offer in 1946?

HON. MR. FROST: No, sir. That came in, I suppose by implication. It would come under the timing grant provision. Those timing grants were based solely on a question of employment. If there had been heavy unemployment in Toronto the Federal Government might have agreed to pay a certain portion of the cost of, say, the subway work, or might have agreed with the Province, in consideration of our proceeding with certain public works, to pay a proportion of the cost. That principle, as my friends will recollect, really carries back into the depression days of fifteen years ago. But no such condition has arisen, and as a matter of fact the Federal Government has continuously urged us to hold off public works because of the inflationary tendencies; and that condition has never applied since 1945.

MR. WREN: It was contained in the 1946 proposals, and is an offer in addition to any commitments or offers they made in regard to public works.

HON. MR. FROST: Will you please send me a

copy of the offer. I have been, I think, fairly attentive to business, but I have never heard of it. There never was such an offer.

MR. OLIVER: Wait till you get the offer.

HON. MR. FROST: Well, I am always willing to learn.

(B-1 follows)

MR. T. D. THOMAS (Ontario): Mr. Speaker, I listened with a great deal of interest and attention to the able exposition of the Prime Minister yesterday afternoon. All the members of this Legislature, including members of the Opposition, were most courteous to him, although he made some very pungent remarks respecting the Opposition.

Last March in this House, I and others asked the Government to give serious consideration to the proposals of the Federal Government. We are very pleased that Ontario joined with the other provinces and accepted these proposals, and I sincerely hope, Mr. Speaker, the day is not far away when our neighbour, our sister Province of Quebec, will join with the other provinces and makes the agreement unanimous.

Now, Mr. Speaker, after congratulating the Prime Minister I am afraid I must be critical of the delay. Why did this Government delay such an agreement for six or seven years? The basic proposals are very similar to those offered in 1945, and in that respect I want to quote the Hon. Mr. Abbott, who, at the Federal-Provincial Conference in Ottawa in December of 1950, in giving the new proposals for consideration, had this to say:

"First of all, we contemplate an agreement along substantially the same general lines

as the present agreement".

I would also like to quote from an article in the Daily Star of October of this year by Beland Hondrick:

"It is true that the Tax Agreement differs in detail. It can even be argued that the financial terms are better, but in most essential features it would take a magnifying glass to find many important differences".

Now, why should this Government decide to accept the Federal proposals this year? Well, something very significant happened last year. The Federal Government introduced National Security Pensions for those persons over 70 without a means test, and pensions for those between 65 and 69 on a means test basis. Then, of course, they had to raise the money through taxation to carry out this commitment, and they did it on what they call the 2, 2, 2 formula -- 2% increase on Sales Tax, 2% increase on personal incomes with a maximum of $60.00, and 2% increase on corporation taxes. The Sales Tax and Corporation Tax became effective on the 1st of January this year, and the tax on personal incomes on the first of July.

Now, the corporations didn't like that idea. Perhaps they thought they should be exempt. No one

[illegible]

[illegible]

[illegible]

likes paying increased taxes, least of all the corporations. They didn't take too kindly to an extra 2% increase. Under the new proposals of the Federal Government, this Government will withdraw from the corporation tax field. The Ontario Government has been taxing corporations up to 7%, although they could have taxed up to 9%, which, by the way, would have brought an extra few million dollars to the treasury of Ontario. In this new tax agreement, the Federal Government has agreed to reduce the corporation tax from the 7% previously imposed by the Ontario Government to 5%. With the 2% reduction, the corporations will, even with the added 2% for National Security Pensions, break even, and pay no more than they did last year. Mr. Speaker, that is very significant. Did that help the Prime Minister to make up his mind to accept the Federal proposals?

The records will eventually prove that this Government did not act in the interest of the people of Ontario when they refused to accept the proposals of the Federal Government in 1945. Last Session the Prime Minister stated we had gained over $ 7 million by staying out of the tax agreement. Mr. Speaker, I mentioned in my remarks during the Budget Speech last March that in my humble opinion the people of Ontario

had lost an awful lot more than $ 7 million by being deprived of a comprehensive National Security program which was part of the proposals of the Federal Government in 1945. Now, that argument is supported by some of the statements made by Premiers from other provinces at the Conference at Ottawa in December, 1950. I would like to quote the Hon. T. C. Douglas, Premier of Saskatchewan, who had this to say:

> "I am sure that all of us who have gathered here to-day have had our minds taken back to 1945 to the conference on reconstruction which convened in this Chamber. I think we will all remember the high hopes and the firm resolve that we had at that time to see established a new basis of Federal-Provincial fiscal agreements, and a national system of comprehensive security established in this country. It was a bitter blow to many of us, and, I am sure, to many people in Canada, when that conference failed. Nearly all of the things that have happened since that Conference was convened in August, 1945, have indicated the need for having proceeded with those proposals. Had the "green book" proposals been implemented and become part of the social fabric and the

economic structure of the Dominion of Canada, they would to-day be part of our system, and we would, in my opinion, be in a much better position to bear the economic strain for the period of defence preparation or even to face the economic strain in time of war."

And I would also like to quote from the speech of the hon. Joseph Smallwood, the Premier of Newfoundland, who had this to say:

"The conference that we in Newfoundland hoped would be held now, is one that would deal with all the matters proposed in the "green books" of the Canadian Government for 1945 -- a conference where we would be dealing with the question of the responsibility for the care of the unemployed employables, with health insurance, with housing, with grants to assist the provinces to raise their standards of education, with "timing" grants, as I believe they were called, and with natural resources development".

Yesterday we heard a lot of talk which concerned money, money, money, but very little was said respecting human welfare. Before the Session of the 24th Legislature concluded last April, the Prime Minister

[illegible]

mentioned the $20 million owing by the Federal Government for the 5% income tax which this Government could have collected itself. Some members of the Government got up in the House and supported the contention of the Prime Minister. The $20 million "melon", I believe it was called by the hon. member for Hamilton Centre, was neatly carved up in this Assembly. It was to be given to the municipalities on, perhaps, a per capita basis. Even my good friend, the hon. member for Riverdale, wanted a slice of the melon for the town of Riverdale. Mr. Speaker, what has happened to the melon now?

In closing, I am very happy to support this legislation. We are all Canadians, and this great country can only progress if we are united. Ontario, the richest province in this Dominion, cannot live on an island of prosperity, for, if conditions in the western provinces or in the maritime provinces are depressed, it will not be long before we feel the blast in Ontario.

I am very pleased to support the legislation before us, but I do feel the Government has not acted in the interests of the people of this Province or the people of this country in delaying the acceptance of these proposals for five or six years.

Motion agreed to; second reading of the Bill.

HON. L. M. FROST (Prime Minister); Second Order.

THE ST. LAWRENCE DEVELOPMENT ACT, 1952, No. 2

CLERK OF THE HOUSE: Second Order; second reading of Bill No. 1, "The St. Lawrence Development Act, 1952 (No.2)", Mr. Porter.

HON. DANA PORTER (Attorney-General): Mr. Speaker, I move second reading of Bill No. 1, "The St. Lawrence Development Act, 1952 (No.2)".

HON. GEORGE H. CHALLIES (Minister without Portfolio): Mr. Speaker, perhaps I will be expected to say something on this Bill, not only due to the fact that it deals with a very difficult problem in the area which I have the honour to represent, but as the results of the Bill will be administered by The Hydro Electric Power Commission.

May I at the outset compliment the Government on the very excellent wording of the Bill, and the provisions made therein, to look after a very difficult situation. While it may not be finalized as far as enabling legislation is concerned, it at least will be given statutory effect to an area affected by this great St. Lawrence Development.

We, in Ontario, and in the Commission, find

ourselves in rather changing conditions, as far as the St. Lawrence Development is concerned. One will recall the events leading up to the present situation, and one is reminded of the fact that in the formal agreement which led to the development of the St. Lawrence River for power and navigation, the initiators of the plan were the Government of the Dominion of Canada -- I like to use those words, "Dominion of Canada" --

SOME HON. MEMBERS: Hear, hear.

HON. MR. CHALLIES: -- as well as the Federal Government at Washington, but because the Federal Government at Washington refused to take a favourable stand on the application which was before them, I think it is to the credit of the Government at Ottawa that without any loss of time, they declared their stand, and said that as far as Canada was concerned, and as far as navigation was concerned, and power in the national section, they would undertake the work without help from the United States. At the same time, the door is open, so if the Government at Washington, in its wisdom, wishes to participate in this seaway project, they may do so.

I emphasize this to point out that the position of the Province, under the agreements of 1932, 1942 and 1948, and the application which is still

before the Senate at Washington, as I have stated, is the responsibility of the Dominion Government; and the province of Ontario owning the right of the development of power -- the water right -- therefore, has the right to develop the River for power in the international section.

The position in those agreements is simply this; that the Dominion Government was responsible for the work, and the province, with its entities, was responsible for the designing and installation of the electrical and hydraulic equipment in the plant. All of the planning and estimates of cost were the work of the Dominion Government.

With the new stand taken by the Federal authorities, the province of Ontario, in fitting into the picture, said, "Well, now is the time for the province, through The Hydro Electric Power Commission, to develop the International Section of the St. Lawrence for power purposes."

So you have the two phases of the work; you have the seaway -- and sometimes people become confused in thinking that the seaway is for the St. Lawrence Development, as well as all the work on the national section, but "seaway" properly means the canals and the power in the national section as divorced and separated from the power development of the International

Section.

So we were faced with the situation of being rather following in behind the Dominion Government, and in placing our work in the International Section for power, the responsibility has been thrust upon the Province and The Hydro Electric Power Commission, to be responsible for all the work for power in the International Section of the St. Lawrence River.

This has placed a new phase on the work, and a heavy responsibility upon the Commission.

As I intimated, I think the Dominion Government has played a very excellent part in taking the stand that if the Americans at this time did not feel they should come in, Canada will do the work, and undertake the construction of the national section itself.

The matter has been referred to, and plans are now before the International Joint Commission, on an application agreed to by the Dominion Government and by Washington, that is, the application for approval by the International Joint Commission. The Bills which were passed last year under the agreement between the Province and the Dominion, whereby the Province took responsibility for looking after the Ontario side of the development and the Commission would be the agency for the Province in this con-

In this whole problem, the serious difficulty is that it has various ramifications, and as one studies the problem more and more, new problems seem to loom up or new phases of the same problem. These include the question of compensation and the question of rehabilitation, because the questions of compensation and rehabilitation are in the application which is now before the International Joint Commission.

MR. W. L. HOUCK (Niagara Falls): Mr. Speaker, before the hon. Minister (Mr. Challies) leaves that, in regard to the participation of the United States in the power development, I wonder if the hon. Minister has anything encouraging to say about the American participation in the power development

HON. MR. CHALLIES: I am afraid if I were to make any atatement, it would only be a matter of guessing.

I understand the New York State Power Authority had an application before the Federal Power Authority for a license, that they should be the entity on the American side. Whether they will be or will not, I do not know. We have kept out of it, because we were terribly afraid if we said anything we might "muddy the waters". It is a domestic problem with them, but I hope before very long they will name their entity and we can get on with the work.

Now, the problem of compensation and rehabilitation, as I said, has been thrust upon us; the planning of it and the providing of staff has been thrust upon the Government and the Commission when the Act was accepted in the Session of 1952.

I feel quite safe in saying, Mr. Speaker, that the question of rehabilitation has never, as far as I know or can find out to any extent, or even to a small extent, been faced by any other jurisdiction.

Here we have about 10,000 acres of land, about one-quarter, I would say, roughly, in Dundas County, and three-quarters in the County of Stormont, really in three townships, the Township of Osnabrook, in Stormont, and not beyond that; the Townships of Williamsburg and Matilda in Dundas County, with the Town of Iroquois completely submerged, and with the Town of Morrisburg about one-half submerged. The Town of Morrisburg will have to be partially rehabilitated, and compensated for, and the other, the Town of Iroquois, will have to be completely rehabilitated.

Then there are numerous small hamlets, such as Aultville, Wales, Farran's Point, and Mille Roches, which will be completely obliterated. So a provision had to be made on a fair, reasonable and equitable basis, for these people who would be adversely affected by the works.

Now, the problem of [illegible] has [illegible] [illegible] [illegible]

The problem, as I have intimated, is a very serious one, and one can easily appreciate that the people in those areas have wondered what was going to happen, how would they be paid for their property, and would the towns be rebuilt, and so forth.

Also, the question of taxation and its ramifications, I say, is a very, very serious question, and one that is very widespread.

One cannot give the answer immediately to this problem -- at least, we cannot -- for the simple reason that we were not charged with the responsibility, in fact, we are not even charged with the responsibility at this time, to say what we would do under certain circumstances, as to how we would arrive at a valuation, and what would happen to certain hamlets and the areas. If we did, it would only be a matter of probably wishful thinking, and the Commission nor the province cannot say what their plans would be because, as I say, we were not charged with the responsibility. Even yet, the responsibility of how to arrive at an estimate of valuation of property damages, is still the responsibility of the Dominion Government, and not us. It is the Dominion Government's estimate of what would happen, and only the Dominion Government's estimate of what the works will cost. So I say it is difficult for us, and I must confess it places the Government and the

Commission in rather an awkward position. We are asked certain questions which naturally had to be evaded, because we had no authority to say what could be done under certain circumstances. The whole thing is hypothetical.

This is the outcome of studies of the situation, to allay the apprehensions of the people in those areas, and to assure them they would be fairly dealt with.

In the Act, it states in no uncertain terms as regards the basis of compensation, the way they will be compensated, and then if they are not satisfied with that compensation, they have the right of appeal to the Municipal Board, and if not satisfied with the ruling of the Municipal Board, then to the Courts, on the consent of a judge.

This protection, I am quite safe in saying, has never been given before. I know from the people who have been looking into this, that they are quite satisfied with the attitude of the Government, in regard to looking after their interests.

Now, Mr. Speaker, it might of interest for me to point out what the Commission has done in the last few years in dealing with property and property rights of the people all over the province of Ontario.

Since the end of the War, the Commission has developed some 1,800,000 horsepower of electrical energy. All the way from Pine Portage in western Ontario, to the Raynor Development on the Mississauga, and the three developments on the Ottawa, and, as you know, we are now carrying on an extensive development at Niagara Falls.

Together with these, we have built 4,239 direct miles of transformer lines, 43 transformer stations, and many other facilities.

We have added, since 1945, some 17,663 miles of new rural lines, with the addition of 172,831 rural consumers.

The construction of all this work has meant that since January, 1945, to June 30th, 1952,-this year-- the Commission has completed a total of 82,065 transactions involving the acquisition of property, rights-of-way, and for other purposes. Of those, 82,065 transactions, in 81,945 cases, the settlements suggested by the Commission, have been accepted. In other words, only in .135% of the cases was it necessary to refer them to the official valuator. May I repeat that? Of 82,065 transactions, of all kinds, .135% of the cases have been referred to the official valuator.

And in the most important years, 1945, 1950, 1951, and up to June, 1952 -- which was a very great

period of the concentration of development -- 64,252 property transactions were had, and the settlements suggested by the Commission accepted in 64,167 cases, only 1.32% being referred to the official valuator.

As you may know, these transactions are not only in the rural areas, but also in urban areas. At Niagara Falls, we are constructing the huge new development of about 1,200,000 horsepower, which will cost almost $300,000,000. We have at least approximately 6,000 employees who are employed with our contractors in building two tunnels, with five and one-half miles under the city of Niagara Falls. Each tunnel is 51 feet in diameter, and will have a completed opening of 45 feet. That includes an open cut of two and one-half miles, when the tunnel comes through an opening into the fore-bay down to the present fore-bay of the Sir Adam Beck Project, No. 1.

Of all that, including our purchases of property, as far as I know, and as far as the Commission knows, satisfactory settlements have been made with the parties with whom we have been dealing.

And with that construction, goes the building of new roads, the building of new streets at Niagara Falls to carry the heavy loads, new street corner signs have been placed there, and the fact is, in all this construction work, the Mayor of Niagara Falls and the

City Council have acknowledged that the Commission has gone farther than in the agreement they had with the Commission, in connection with this work.

It has been the practice of the Commission to sit in with the Council of Niagara Falls, and adjoining townships, to find out what the problems were, and to compose the difficulties and come to an agreement. The Mayor of Niagara Falls, as well as the Clerk, has intimated to the Commission in a letter that the Commission has dealt with them fairly and liberally, and, in fact, has done more than they promised to do.

MR. HOUCK: They have given you good co-operation, too?

HON. MR. CHALLIES: Oh yes. Their co-operation has contributed largely toward the success of the operations, that is, the co-operation between the Commission and the Township of Stamford, and the City of Niagara Falls. That is the way it should be. I would be critical if that were not the way.

In the same way, we purchased property down at Hawkesbury, and the Mayor of Hawkesbury wrote that in working with the Commission, they received the heartiest co-operation, and things were done to their entire satisfaction.

I merely emphasize this to say that as far as

the Commission is concerned, we felt the Act was comprehensive enough to look after certain problems, but the question of rehabilitation is a new phase for which provision has not been made in any of the provincial Acts.

May I just quote as a matter of record, some of the statements made by the hon. Prime Minister (Mr. Frost) last Thursday, when there was a delegation representing the three united counties of Stormont, Dundas and Glengarry, here in connection with this Bill, and to have their views heard, as to where they felt the difficulty was, and were the apprehensions lay.

The hon. Prime Minister (Mr. Frost), in meeting the delegation, assured them that the Government appreciated their difficulties, and I want, as a matter of record, to read a few of the statements made by the hon. Prime Minister (Mr. Frost) at that meeting, because if there is any person or group of persons in these areas who is or are fearful, I think these statements will be consoling to them.

The hon. Prime Minister (Mr. Frost) said to the delegation:

"You, gentlemen, are here representing the United Counties of Stormont, Glengarry and

[illegible] is essential, in this [illegible] [illegible] [illegible]

Dundas. Now, gentlemen, we want you to know that we are and have been greatly concerned with the problems which will arise out of the St. Lawrence development power and canal project there. We have realized that it means very great adjustment in that united area and in that part of Ontario. I think we all feel that this development is one of the greatest importance to our Province, and, indeed, it is one of the greatest importance to that area because I think it is going to mean the transforming of that whole area. I want to make it plain to you that we are greatly concerned with fair dealing with the people whose property will be acquired in whole or in part or may be injuriously affected. We are greatly concerned with the replanting of that community.

I do not want you gentlmen to feel that the people of Stormont, Glengarry and Dundas or in any other areas affected down there should suffer for the benefit of the rest of the people of Ontario. We are determined that they will be properly, fairly, adequately and justly dealt with and that the arrangements we will make will be fair for them".

(C-1 follows)

(Hon. Mr. Challies)

"You can be quite free in discussing your problems and what you feel should be done, You are always welcome. Come to see us and let us have your views from time to time in connection with problems which may arise."

MR. HOUCK: You made the same statement at Niagara Falls when you started that project.

HON. MR. CHALLIES:

"Prime Minister Frost said he fully appreciated the fears of the people in the areas that would be affected that their rights and claims might be thrown into a division of jurisdiction between the Federal and Provincial Governments, Ontario Hydro, the United States Government and the Government of the State of New York. 'Our job here as a Government,' said Mr. Frost, 'is to protect our people and that is what we intend to do.' He also stated that they would not permit the people to be placed in the position where they could not get justice."

I mention that, Mr. Speaker, because I feel that the delegation went away with the feeling that

not only had they a friend in this Government but that this problem would be fairly and adequately and justly dealt with by the Province and by the Commission.

What this will mean to Eastern Ontario is very difficult for any of us to visualize. Those of us who are close to the picture and know from day to day what is happening cannot doubt that if, as and when the St. Lawrence develops and the power flows from it, Eastern Ontario will be the industrial part of the Province. Industry is now coming to Eastern Ontario. I know whereof I speak. Other industries are simply waiting. Wise planning for the future is a problem which will be fairly and properly dealt with by the Commission. The whole area should be planned all the way from Cardinal right through to Mille Roches so that not only the people who are living in the area will be glad to re-establish thereabouts, but others will come from elsewhere to live in that area.

One of the problems is the re-allocation of the railway and the highway, and, in that connection, to get enough land between the river, with its new shore, and the newly established railway and highway in order to provide sufficient scope for the growth of municipalities as well as industry. I am not speaking out of turn when I say that we have every hope and faith that the International Joint Commission

will approve the project. If, then, the United States entity is promptly established and work is proceeded with so that power will flow in four or five years, it will make a revolution so great that before long one will hardly know what Eastern Ontario will be like.

AN HON. MEMBER: It is difficult to improve it!

HON. MR. CHALLIES: It is difficult to improve; but the project will spread the good parts over a wider area. I have great pleasure in asking Honourable Members to approve of the St. Lawrence Development Act (No. 2).

MR. F. R. OLIVER (Grey South): Mr. Speaker, I shall delay the House for only a few moments in discussing this particular Bill. As the Honourable Member for Grenville-Dundas (Hon. Mr. Challies) has said, the Bill attempts to lay the framework upon which we can build the machinery to deal with the dislocation and rehabilitation that will be involved when the work on the St. Lawrence actually begins.

I agree with the Honourable Minister when he said that this is a work of greater magnitude than the Hydro Commission has dealt with. It is also a work of greater diversification, when one considers

the rehabilitation angle and the moving of whole villages and towns and their populations from one are to another. Because it is a work of this importance, I have wondered sometimes why the Government have placed in this Bill some of the provisions we see there. For instance, the machinery for settling claims: you have all the settlements; the Hydro Commission are to do the work and attempt to get settlements with those who are dislocated and injured in any way by the development itself. Then you have that same Commission attempting to get settlements with these people and these municipalities that are affected and you provide in the Bill itself an opportunity to appeal to the Municipal Board, and from there, under certain conditions, to the courts. What I suggest in all seriousness to the Prime Minister (Hon. Mr. Frost) and to the Government this afternoon is this, that the Hydro Commission itself is a creature of the Government; it is an appointed body; the members can be appointed at will by the Administration and be dismissed by that same Administration. Then from that attempted settlement between the Hydro and the people affected, you go to the Municipal Board, which is in itself another creature of the Government or of the Administration. I suggest to the Government

that, when facing a problem of such magnitude as this, dealing, as they will be dealing, with municipalities and with individuals and with different sets of circumstances, it would have been better to have had these cases handled by some impartial tribunal rather than to have had a Government body, the Hydro Commission, try to effect a settlement in the first place, and then to provide an appeal to another creature of the Government, the Municipal Board. I suggest to the Government they should still give thought to setting up an impartial tribunal of some kind, in whom, I think, the people would have even greater confidence than they would have in two governmental departments or agencies. After all, that is a fundamental objection.

HON. MR. CHALLIES: Who would appoint them? What would give them a legal status?

MR. OLIVER: This is just a suggestion, but one way of doing it would be to proceed before a County Court Judge. He could handle these cases. Certainly he could handle them, I believe, as well as the Municipal Board, which is now months behind its schedule, can handle the hundreds of cases that would come before it.

HON. MR. CHALLIES: Well, I am not reflecting on any judge, but a judge is still appointed by a Government.

MR. OLIVER: By that statement you do reflect on a judge.

HON. MR. CHALLIES: No.

MR. OLIVER: You certainly do.

HON. MR. FROST: It reflects on a Government!

MR. OLIVER: I am serious in making that plea to the Administration this afternoon, that this would be a better course in relation to the gigantic scheme we are undertaking. As the Minister said, quite rightly, it is of greater magnitude and wider scope than anything we have attempted along this line. It deals not with isolated districts or individual areas but with many towns and villages and individuals. So I believe the Government would be on stronger ground this afternoon if they told the House that, rather than have these settlements made by two agencies of Government, one to initiate and try to effect agreements, the other to which appeals would lie from that particular Commission, but both government-appointed, they had set up some impartial tribunal to handle these questions.

HON. MR. FROST: My friend realizes that the ultimate appeal on law and fact is to the courts.

MR. OLIVER: But it is a long and costly road.

HON. MR. FROST: Not necessarily. My friend realizes that if the matter were tried by a County Court

Judge or Judges, that would create a very patchwork system in the matter of compensation. It is better to have a system set up under a body which can carry it on continuously, and if that body is wrong in either law or fact it can be corrected by the Court of Appeal. That, I think, is the broadest protection that can be given. If the Municipal Board is not right, the courts can always set it right; and personally I think it would provide a broader pattern of compensation and adjustment than to have a series of judges, different judges, because no one County Court Judge could undertake all this work. In the end you would have better results. As a matter of fact the Bill introduces a right of appeal on law and on fact on very broad grounds of appeal, beyond any other system that has heretofore been attempted.

MR. OLIVER: How does my honourable friend expect the Municipal Board to handle these claims if they come in in any numbers?

HON. MR. CHALLIES: For that matter, it could be enlarged.

HON. MR. DUNBAR: Why not have appointees especially for that work on the Municipal Board?

MR. OLIVER: That is an even better suggestion than we have had so far.

MR. W. J. GRUMMETT (Cochrane South): Mr. Speaker, this Bill covers a wide field, a very complicated field, the construction of a tremendous work on the St. Lawrence River, and in doing so, it involves the destruction of a considerable portion of land along the St. Lawrence. The rehabilitation and compensation clauses of this measure have been set out in full detail, and necessarily so. I think that was a good provision.

I note in reading over the Bill that not many loopholes have been left in providing for rehabilitation and dealing with the problem of compensation.

Some features of the Bill are a little strange; for example, those which provide for the taking over of land. Apparently the Government does not value the old expropriation procedure which has been in effect in Ontario for some considerable time. In fact, the Commission is given very wide powers. A surveyor or an engineer may make plans and, by the simple act of filing those plans, he takes over the land which is desired by the Commission.

Also I was wondering what was the reason for that peculiar provision in the Act about having the sheriff on hand. Does the Government anticipate trouble, that we should introduce an idea of this kind,

providing for having a sheriff on hand? Surely the sheriff could be used in the ordinary course of events without having this peculiar provision written right into the Bill. It looks as though the Government feared a little that there would be trouble in taking over some of this land, and decided that there should be no loopholes whatever when the time came to put the Act in force.

I agree with the action of the Government in bringing down this Bill, and our party will support it, but I wonder why it was necessary to abandon Act No. 1, if I may so call it, which was passed at the first session, and adopt this one? I have not yet heard a clear and explicit explanation from the Government as to why the Act we passed last year was not sufficient to cover the situation. Will they tell us why it was necessary to abandon that Act, which we passed at the first session this year, and bring in the present Bill?

MR. P. MANLEY (Stormont): Mr. Speaker, I rise today in my seat, being a representative of Stormont County and, as my friend said a while ago, the county in which three-fourths of the flooded land area is situated. I realize what a vast project the St. Lawrence project is, and I also realize its importance to the eastern part of Ontario. As my good friend has

said, we expect to have in Eastern Ontario the largest expansion that we have ever known, or could think of, when this development is put into effect.

As representing the County of Stormont, I also have to think of the three united counties which are joined as a municipality in that particular area. Glengarry is to the east of me, and Dundas to the west. I think possibly I should speak along the line of a county viewpoint and, within those counties, the municipal viewpoint as well. Then, again, I think I should keep in mind the individuals who are going to be rehabilitated and are going to lose their homes in the flooding of this district.

I want to recall to honourable members, if I may, the last session of this Legislature when they were asked to ratify the agreement between Ontario and the Dominion Government. Annexed to that agreement were a number of items which I have in my hand and paragraph 3 of the Annex states that dikes are to be erected to retain the pool level above the Longue Sault dam. To me it is unfortunate that the paragraph did not also contain a direction that the dam would give security to the land and the people on the dry side of the dike as well as retain the level of the pool. Two matters appear to have been omitted:

security for the people who live behind the dikes, and provision to prevent a large area of low marshy land behind the dike which would be of no use to the owner and a menace to the community.

The next is rehabilitation. In the annex to this agreement there was mentioned rehabilitation of the towns of Morrisburg and Iroquois. Possibly I am not just up in my geography, Mr. Speaker, but I did not know that Iroquois or Morrisburg had the status of towns. I believe they are just villages. In that connection, there was no mention made of the five villages within the County of Stormont that were going to be flooded, - completely flooded. These villages were Aultsville, Farran's Point, Dickinson's Landing, Moulinette, and Milleroche.

HON. MR. CHALLIES: Are they incorporated?

MR. MANLEY: No, I would not say they were incorporated.

HON. MR. CHALLIES: Then they are not even villages.

MR. MANLEY: Well, they are hamlets; and let me say to you, Mr. Speaker, that regardless of whether they are villages or hamlets the people who are living in these villages have the same problems and they are in the same position as the people who live in the town of Morrisburg.

HON. MR. FROST: Morrisburg is only a village.

HON. MR. CHALLIES: May I answer the Member on that point? In my remarks I made the statement that the list that he is reading is the list which was in the agreement which was filed with the Federal Government at Ottawa in connection with their application to the Federal Government of the United States, and it is just copied in; those are the people who used the words "town of Iroquois" and other towns and villages, and omitted the hamlets. The list is copied from the Dominion agreement with the application which was filed, so perhaps the Dominion Government can give the answer as to why it was put in in that way.

MR. MANLEY: The only thing mentioned in the annex was the relocation of highways and railroads.

There is nothing I can find in that agreement, or in the agreement before the House today, that there is any aid, that is any substantial aid, to the municipalities involved.

HON. MR. CHALLIES: Again I point out that the same reference was in the agreement which was signed by the Dominion Government and presented to Washington for ratification. It is the same phraseology and the same everything.

MR. MANLEY: Are we going to pass the Bill at this present session of the House and not give any assurance to the municipalities that they are going to be adequately looked after in this legislation.

HON. MR. CHALLIES: "And do such other acts and things as in its opinion are reasonably necessary for carrying out . ." the works. I think that we can do almost anything under that; and the Premier has assured the united counties that the questions of debt and assessments will be looked after.

MR. MANLEY: If that assurance has been given by the Premier to the three counties, I say it should be in this Act.

HON. MR. CHALLIES: It is in the Act.

MR. OLIVER: In a very obscure way.

MR. MANLEY: It is not very plain. I might

point out a few of the problems that confront the municipalities that are concerned at the present time. The first is the loss of assessment. Now we do know and we realize that there is going to be a big loss of assessments in these counties, and possibly we will be able to pick a bit of it up over the years that lie ahead, but it is going to take time, and I just wonder if it will be equally distributed.

As to the payment of debenture debt: if no assistance is given in this connection an unfair burden will be placed on the lands that remain in the municipalities. The municipalities have little source of income except the taxation on real estate. Now, we do know that there are debts in the area, and I think that it will be an unfair burden on the balance of the municipalities if they have to share that debt and lose that assessment.

There is also the social question. A project of this magnitude will bring to the area a great influx of persons, including workers, as is natural in all projects of this kind. The social work involved as a result of this influx will be stupendous. The costs of the Children's Aid Society, Public Hospitals, Juvenile Delinquency, Public Health and other associated matters is now proving a burden which the municipalities are scarcely able to bear. I respectfully submit that

point out a few of the troubles that confront the municipalities that are concerned at the present time. The first is the loss of revenue. Now we may pray and we realize that there is going to be a big loss of [illegible] in those counties, and possibly we will be able to pick a lot of it up from the general [illegible] [illegible], but it is going to take time, and I [illegible] whether it will be entirely satisfactory.

As to the payment of delinquent taxes it is unlikely [illegible] given in this connection [illegible] burden will be placed on the land that remain in the municipalities. The municipalities have little means of income except the taxation on real estate. Now, we do know that there are drops in the [illegible], and I know that it will be [illegible] burden on the balance of the municipalities if they are to work, they must not lose their [illegible].

There is also the [illegible] [illegible]. [illegible] of [illegible] plus [illegible] in the [illegible] [illegible] of [illegible], including [illegible], [illegible] [illegible] [illegible] of this [illegible]. The [illegible] [illegible] [illegible] of [illegible] will be [illegible]. The [illegible] of the Children's Aid Society, Public Hospitals, Juvenile Delinquency, [illegible] and other [illegible] [illegible] provincial burdens which the municipalities are simply able to bear. I respectfully submit that

this added burden should not be placed on the remaining real estate in the community.

Then we have schools. Education should be properly handled as a result of the re-allocation of population if rehabilitation is rightly dealt with. In addition to this, special provision will have to be made for schools for the children of temporary workers during the construction of the works. Our schools in that district are crowded at the present time, and with the influx of workers and an additional number of pupils going to schools it will be a burden on our municipalities to look after the education of these children.

Again, we have the administration of justice, which is a big problem to take care of.

I was very pleased to hear my honourable friend say a while ago that there should be a large planning development in the area. I certainly agree with him in that respect. I think it is a large item to consider -- the planning of that area or the other areas that are going to be affected, and especially these villages that are to be rehabilitated.

According to the Bill, just compensation is to be provided. I wonder what we could call "just" compensation. There may be many ways of interpreting

that word, but to my mind it is not enough to have that interpretation of the compensation which is going to be paid to people who will have suffered losses and injuries. I think the correct expression to use is "replacement values."

Before the Joint Commission in Cornwall, Mr. Leslie Black, Q.C., former Attorney-General for the Province of Ontario, appeared as the official spokesman, I believe, of the Province, both before the Commission and before the Hydro Electric Power Commission. He made the statement that day that compensation would be settled on the basis of "fair market value."

(D-1 follows)

HON. MR. FROST: May I say, Mr. Speaker, to the hon. member for Stormont (Mr. Manley) that Mr. Blackwell in a discussion with the County Council Committee here a few days ago pointed out that in using the expression he had he had not used the expression he wanted to use. As a matter of fact "just compensation" -- the words in this Act -- were really suggested by Mr. Blackwell, who felt that the expression he used in Cornwall was not adequate to meet the situation.

MR. OLIVER: It is to be changed now to "just compensation"?

HON. MR. FROST: The words "just compensation" have a wider meaning than the words he used at Cornwall. As a matter of fact, the County Council objected to the words Mr. Blackwell did use at Cornwall, therefore it was broadened out.

Mr. Speaker, I would like to say that in this I would not want any misunderstanding at all. The statement the hon. member for Stormont (Mr. Manley) read as a statement I made to the Committee, stands. As a matter of fact, these floodings of the area to be taken in the St. Lawrence Development is something quite different from anything heretofore attempted in Ontario.

I do not think that any hon. member of this House, nor any citizen of Ontario, feels we should go in and take the people's properties, interfere with their livings and beings, and not compensate them fully, adequately and justly, and provide "just compensation" -- if I may use those words -- to re-establish the communities.

Mr. Speaker, the hon. member for Stormont (Mr. Manley) mentioned the matter of assessment. I am in entire agreement with that. You cannot consider going into a community, and perhaps taking some thousands of acres of assessable land and leave the balance of the community to bear the debt and other charges. The fact of the matter is that The Hydro Electric Power Commission has to bear that expenditure in connection with power works. I am very glad to acknowledge that, and to say that will be the case, and the Government will be the people's friend and see that that is done adequately and properly.

Mr. Speaker, to the hon. member for Stormont (Mr. Manley) let me say that it is impossible for human ingenuity to devise a statute that will cover all the difficulties which may arise. As a matter of fact, we passed the statute here and made certain provisions last

spring. When going into the problem, it appeared, in September, that these were not adequate. Now I give this further undertaking, that if these are not adequate, and do not carry out the intention, there will be a Session next spring and a special Session of the Legislature can always be called, and we will meet the problems as they arise. That is the assurance given to the County Council Committee, and I am sure they were quite satisfied. Mr. Fennell, their solicitor, was with them. He came down here, and we went so far as to show him the Bill itself before it was introduced in this House. Mr. Fennell, of course, had the opportunity of reading the statutes and discussing them with our solicitors, and we admitted there may be things, which is quite conceivable -- indeed, it will be strange if there are not things which are not in existence today, and are not mentioned in this statute, but they can be advanced and put before the House on subsequent occasions. I think, however, this statute is an indication of what is intended not only by the Government, but by the people of this province, to see that these people and the municipalities, the school sections, and all interests which are affected, are placed in the

same position as they were, not in a position under which they are making a contribution to the whole of Canada, but a condition under which they are compensated for the property they give up. I think this gives us a very great opportunity to plan that area in a way which will be -- I was going to say "a masterpiece in Canada -- but will be a masterpiece of good planning in regard to railroads, roads, and the constitution of new communities.

That is the situation as it exists today.

MR. MANLEY: Mr. Speaker, I am very glad the hon. Prime Minister has admitted to this House that Mr. Blackwell's words before the Commission at Cornwall, when he said "market value", were not adequate.

HON. MR. FROST: I may say, Mr. Speaker, that my interpretation of that is not my own; it is Mr. Blackwell's. He stated to the County C uncil that his expression was unfortunate, and that is why there is a different description in the Act.

MR. MANLEY: Mr. Speaker, if I am not continually interrupted, I shall try to go along.

As I said, Mr. Blackwell, when he appeared at Cornwall and spoke on behalf of The

Hydro Electric Power Commission, said that everyone would be paid on a basis of "market value".

Now, in order to determine "fair market value" we would have to find out what the properties are being sold for in that area. I want to say, Mr. Speaker, that I have put a little time on that. I went to the village represented by the hon. member, the Vice-Chairman of the Hydro (Mr. Challies), and I found out what properties were selling at in that district because that is one of the villages mentioned in this annex to the Canada-Ontario brief.

I did find that over the past several years, there was one residential property sold for as much as $10,000 in Morrisburg. I found there were twelve or fifteen sold for as much as $7,000 to $8,000; a few more for $5,000, and the majority for less than $4,000.

The point I want to make to this House today is that if you are going to settle with these people, not only in the village of Morrisburg, but in the other villages which are going to be flooded, on " a fair market value", then those people will not be able to rehabilitate on prices of this kind. You cannot sell a house today for what it would cost you to build

a new one. Therefore, I say it is up to this Legislature to provide legislation to assure those people that they will have, as I said before, the replacement value.

I do not think the people in that area will be satisfied with anything else but the replacement value, and I think they are just in demanding that.

Also I want to say that I have regard for the village of Morrisburg, as I am sure the hon. member (Mr. Challies) has, and Morrisburg will be rehabilitated, and so will the village of Iroquois. I think they should have the same facilities as they are enjoying at the present time without any increases in taxation, and they should have the same privileges and the same facilities as they are enjoying today.

That is a point I wanted to bring before this House.

MR. J. B. SALSBERG (St. Andrew): What riding are they in?

MR. MANLEY: Dundas.

MR. SALSBERG: That explains it.

MR. MANLEY: I also think in that plan of rehabilitation that the plan should be shown to the inhabitants of these villages, and they

should have the choice of a house in the newly-planned area, equal to what they are living in at the present time, or the cash value of the house in which they would be replaced.

MR. J. B. SALSBERG (St. Andrew): Mr. Speaker, agreeing, as I do, with the principle of the Bill, I have no intention of speaking at length. I will only make a few extremely brief remarks by way of a question to the hon. Attorney General (Mr. Porter) for interpretation.

Mr. Speaker, as you and the House know my position during the last session on the St. Lawrence Seaway matter was that I favoured an exclusively Canadian seaway but was opposed to even seeking a joint seaway project. In the case of the Hydro development I notice that Section 2 of the Bill provides the conditions for the assumption of work. It says:

> "When the works described in Article II of the Canada-Ontario agreement have been approved by the International Joint Commission established under the Boundary Waters Treaty of 1909 and when the order of His Excellency the Governor General of Canada referred to in Article III of the Canada-Ontario agreement has been made and

when the Commission has been authorized by the Lieutenant-Governor in Council to proceed concurrently with the undertaking of complementary works by an appropriate authority in the United States of America . . ."

Now, Mr. Speaker, I am not suggesting that we ignore international treaties between this country and the United States, or any other country, for that matter. I understand, however, that places limitations upon our activities.

I am interpreting the section as meaning that until such time as the appropriate agency is established in the State of New York with authority to begin this work, we cannot proceed with our project.

Mr. Speaker, I have read during the last couple of days of a struggle going on between conflicting interests in New York State about this matter; in other words, that the private power interests and state authorities, and others who are interested in public hydro development have failed to reach an agreement, and in one newspaper, at least, there was an implication that a long, long time may elapse before those conflicting interests resolve those interests and, therefore, this project will be

held up, the project in which we are so much interested.

My question, therefore, to the hon. Attorney General (Mr. Porter) -- and he is the interpreter of the law for this Province -- is whether there is not some way that this Province could proceed with the project without waiting for what may be a matter of years before the matter is resolved in the State of New York.

I know that is difficult. It may involve international law, upon which the hon. Attorney General may not be an authority -- or he may be; I do not know. If the hon. Attorney General feels he is an authority, I will not challenge his statement. But at any rate I thought I should raise this point to receive some clarification on it from the hon. Attorney General (Mr. Porter).

HON. MR. PORTER (Attorney General): Mr. Speaker, I do not know how the hon. member for St. Andrew (Mr. Salsberg) can make the suggestion he does, except I suppose that, following the communist line, he will get into some embarrassing positions and into deep water. However, he is of the opinion that he should "take a crack" at the United States" at any

time and on any matters --

MR. SALSBERG: Better beware. Drew is attacking them now.

HON. MR. PORTER: If the hon. member (Mr. Salsberg) had given any consideration to this project at all he would have known that in order to complete this project it is necessary to have works on both sides of the river. There are works necessary on the Canadian side and works on the United States side, and it would be impossible to dam up any part of the international waters, but this work has to be done all the way across.

The hon. member did admit that, but he is opposed to any sort of international cooperation, and, in fact, he does not want it.

MR. SALSBERG: I am merely asking for an interpretation of a section of the Act. I did not intend to go into a question of international law.

HON. MR. PORTER: The hon. member wanted me to answer a question, and I am simply pointing out that the difficulty is that in carrying through this project it is necessary in any work we do, must be done jointly, as it is impossible to shift the water to the American side, or we would

not get any power. In order to complete this work we have to agree with a great, friendly power. I have no doubt at all but that this agreement will be reached unless there are too many of the party to which the hon. member (Mr. Salsberg) belongs in this country, which might decide them to put it off.

MR. SALSBERG: Mr. Speaker, I am sure the hon. Attorney General (Mr. Porter) will not mind if I say that if the United States thought there were more of my party here than there is at home --

HON. MR. PORTER: The hon. member has made his speech. We have listened now to several of his speeches, and no doubt we will have to listen to a few more. Let me reply to the debate that has taken place in regard to this Bill. There are several points which have been raised. I hope I have answered the hon. member (Mr. Salsberg), but I suppose he does not understand the answer and will not admit it is right.

MR. SALSBERG: The hon. Attorney General has not given a legal opinion, but an engineering opinion. For that purpose, I would rather look to the Vice-Chairman of the Hydro --

HON. MR. PORTER: Since the Vice-Chairman has spoken in this debate, and the rule is that an

hon. member cannot speak more than once -- excepting, of course, the hon. member for St. Andrew (Mr. Salsberg) -- I understood it was my business to wind up this debate.

However, if the hon. member for St. Andrew wants to make another speech, I would like to know it now.

MR. SALSBERG: May I repeat that what I asked for was a legal opinion.

HON. MR. PORTER: I was not prepared to give one, and, anyway, I do not give legal opinions to outsiders.

MR. SALSBERG: May we conclude that the hon. Attorney General (Mr. Porter) cannot give a legal opinion on this matter?

MR. SPEAKER: Order.

HON. MR. PORTER: The suggestion was put forward by the hon. Leader of the Opposition (Mr. Oliver) that some other means of setting up some authority for settling these claims might be considered. Of course, there are the special sections, some of which the hon. Prime Minister (Mr. Forst) has pointed out, for going beyond some of our well-established organizations. It is true they were appointed by the Government. The Government has certain responsibilities, and

we have assumed these responsibilities, and there is no reason why we should shift them onto somebody else, whomever that "somebody else" might be.

We have the Municipal Board, which has vast experience in this problem, a board to which we may add members from time to time if necessary, and if the work on this particular matter becomes extremely heavy, as no doubt it will, a section of the board can be assigned to devote its efforts entirely to this work, until it is completed.

What are the alternatives? There are the county judges, but any one judge who happened to be sitting in that area could not handle all these cases. We would require more. It would mean almost a full-time job. After all, the judges are appointed by the Federal Government to act as judges, and if they take on arbitrations and extra work, they are only able to do so if they have time to do it, and their regular volume of work is not so great that they can afford to spend time on some of these extra arbitrations, and so on, to which they are sometimes appointed.

MR. HOUCK: Would it not be a full-time job for at least part of the Municipal Board?

HON. MR. PORTER: Yes, I think it would. I think it will be a full-time job for several months for one section of the Municipal Board, which will probably be assigned to those duties.

It may be that we will have to enlarge the Municipal Board during that time.

If we decided to use judges in that district, it is this Government who would have to select the judges to do that work. It is our responsibility to decide; the decision has to be made by us, and we felt the sensible thing to do was to use the Board which had experience and the facilities for dealing with this sort of problem, as the first appeal.

Then, finally, there is the Court of Appeal, and I would be very much surprised if there would be a tremendous volume of cases which would have to go to the Court of Appeal, because we would have a great many which would be satisfactorily settled, without any appeal to any Board.

MR. F. R. OLIVER (Leader of the Opposition): Would the hon. Attorney General (Mr. Porter) say what the cost would be which would be involved in those appeals?

HON. MR. PORTER: That is always a difficulty, to have a lawyer say before a lawsuit, what it will cost. It depends on the magnitude of the case, what is involved, how much time is involved, and, as the hon. Prime Minister has just

said, on the proximity of the enemy. That was suggested by the hon. Prime Minister.

But in any event, most of the cost in a good many cases will be taken out of the Hydro, and I do not know that the Government would be much opposed to that. Justice has to be done.

The hon. member for Cochrane South (Mr. Grummett) mentioned the point as to why this should be in the Act, in a new Bill, rather than in an amendment to the Act which was passed at the last Session of the Legislature. I may say that it would have been quite possible to have added certain amendments to the Act which we passed at the spring session of this year, and the reason it was not done was really a reason of convenience, because in that Act we passed there were references made to the expropriation powers under the Public Works Act. That meant, that in order to carry out the proceedings, all parties affected would have to refer to the two statutes, which was just a little more inconvenient.

Also, in view of the fact that the International Joint Commission was interested in the legislation we have now on our statute books for this purpose, we thought it would make it much more convenient, and probably they would

be able to size up the situation much more readily if the whole proc dure was in one Bill to which they could refer, without having to search other statutes. That is the reason.

In Sections 9 to 22 of this Bill there are some slight changes, but they are taken substantially from the procedure outlined in the Public Works Act in regard to expropriation.

Then, an hon. member is very concerned about the sheriff. I do not know why. The sheriff is a very fine man in most places, especially those appointed since this Government came into power. He is only called upon,under Section 10--and there is nothing new about this because it is in the Public Works Act--where there is resistance or opposition. I do not imagine in that great country of Eastern Ontario there will be much resistance or opposition.

MR. GRUMMETT: Then why not leave it out of the Bill entirely?

HON. MR. PORTER: Now that the constituency of Stormont is in the wrong hands, they might have some resistance there, but I am sure the hon. member (Mr. Manley) will assure us that nothing of this sort will take place.

MR. OLIVER: What do you mean, "in the

wrong hands"?

MR. SALSBERG: You had better assure him you will not flood him out.

HON. MR. PORTER: I have endeavoured to answer particularly the points raised in this debate, and I hope hon. members will now approve second reading of the Bill.

MR. MANLEY: Mr. Speaker, may I ask what the hon. Minister (Mr. Porter) meant by saying "the constituency is in the wrong hands"?

HON. MR. PORTER: That is just a personal point of view, which is no doubt shared by the vast majority in this House.

MR. OLIVER: It is just your egotism asserting itself.

HON. MR. PORTER: The election went the wrong way, from our point of view. There was nothing personal in it -- nothing personal.

MR. HOUCK: To reply to the question of the hon. member for St. Andrew (Mr. Salsberg) -- and I will ask the Vice-President of The Hydro to correct me if I am wrong -- when the treaty was entered into for this gigantic development at Niagara Falls, I understand that the State of New York had an equal right to an equal amount of water which the people of Ontario use.

There is a very strenuous fight going on there at the present time between private and public enterprise with regard to the control of electrical development, and I think the Province of Ontario and The Hydro Commission well deserve a hearty slap on the back, because they are a step ahead of the power requirements for Ontario, while the United States are sitting back and letting the Province do the work.

SOME HON. MEMBERS: Hear, hear.

Motion agreed to; second reading of the Bill.

HON. L. M. FROST (Prime Minister): Third order.

THE HIGHWAY IMPROVEMENT ACT

CLERK OF THE HOUSE: Third order, second reading of Bill No. 3, "An Act to amend The Highway Improvement Act." Mr. Doucett.

HON. GEORGE H. DOUCETT (Minister of Highways): Mr. Speaker, I move second reading of Bill No. 3, "An Act to amend The Highway Improvement Act."

Mr. Speaker, as I said at the first reading of this Bill, we are abolishing that portion of the Act known as the "highway

There is a very economic fact
notice on boards in the project area between workers
and public conveyance even required by the control of
electrical development and I think the previous
of Outside and the Lower Commission will discuss
a measure also on the road, because they are a
lower board of the power requirements for industry,
while the United States can existing stock and
lighting in. Provision the bus route.

MRS. ROSSER: Thank Sir.

Motion carried (1) second reading of bill.

MOV. L. B. PRICE (Prince Rupert):
Third reading.

<u>THE LIQUOR IMPROVEMENT ACT</u>

HON. W. SEC. LOCKE: Third reading, second
reading of this bill. Is "the act to amend the
Liquor Improvement Act." Mr. Speaker.

HON. GEORGE S. PRESCOTT (Minister of
Highways): Mr. Speaker, I move second reading
of Bill No. 1, "An Act to amend the Highway
Improvement Act."

Mr. Speaker, as I stated on the first
reading of this bill, in the Legislature there
portions of the Act known as the "Highway

improvement fund", and replacing it with "the highway reserve account."

A great number of things have happened since the start of the construction or the building of, first, trails, and then roads. Now they call them "transportation artieries," across our Province.

From what I can find out, back in 1903, the Province of Ontario made the first grant to building what was called "public roads", previous to the time the Highway Department was set up.

They set aside $1 million for that purpose. From that day on, of course, there had been a steady growth for a number of years. In fact, it was in the year 1903 that the first registration was made to an automobile in this province. At that time there were 178 vehicles registered in the province.

Not until many years later was there any revenue received for roads other than the amounts voted from the Consolidated Revenue Fund.

But in May, 1920 -- and I might get some hon. members to realize how the Legislature stayed in office in those years, in the warm summer days -- this Act was enacted. Of course, it has been amended at different times.

I might say, from looking over the House, I see only two hon. members here, the hon. member for Brant (Mr. Nixon) and my hon. colleague beside me from Peel (Hon. Mr. Kennedy) who were here at that time.

At that time there was a vote made to the fund, and we find, even in this late year of 1920 only 1,171 registrations in the Province of Ontario. I simply point that out to show that money had to be voted from some place to assist in the building of roads.

It was not until 1925 that there was any gas tax levied. That was brought in during the session of 1925, when a 3-cent tax was levied. Then, in 1929, it was increased to 5 cents; in 1932,to 6 cents; in 1939, to 8 cents, and in 1947, as many hon. members will remember, this Government took over the 3-cent gas tax when the Federal Government vacated that tax field, so the gas tax now is 11 cents.

I might mention in passing that all of the provinces east of us have much higher rates, 13, 14 and 15-cent gas tax.

However, the main point is that certain members of the present Government find fault with the highway improvement fund, and my hon. friend from Brant(Mr. Nixon) found fault with it for the

reason that large sums of money were being spent on the highways under the statutes of the Province, but not voted by this House.

This amendment will mean that the Legislature will be able to vote all moneys spent on the highways in the days to come.

(E-1 follows)

(Hon. Mr. Doucett)

It may offer some difficulties in some ways, but all this could be worked out, and I think, when sums as large as we are spending at the present time are to be voted, Members should have an opportunity to have a say in what is going to be spent.

Today we find ourselves in a position similar to what legislators were in during the early days, in that we have to vote more money than we receive, for the simple reason that the demands have increased so very rapidly, due to the great registration of motor vehicles in this Province. In 1945 we had about 585,000 registrations; today, registrations of all types of vehicles number 1,245,000, an increase over the period of about 46 per cent. Commercial vehicles have increased proportionately more rapidly. In 1920, when this Act was passed, there were only 16,000 commercial vehicles. Today, at the end of September 1952, the number is 232,795.

Another circumstance which emphasizes the many demands made upon the Government for the great increase in the development of our roads is the terrible toll of death, injury and destruction which has taken place. In the past ten years almost 10,000 people have been killed and over 137,000 have been injured on the highways

of Ontario. Property damage has increased in that period by leaps and bounds. In 1942 it amounted to over$2,000,000; in 1943 there was a slight decrease, to one and three-quarter million dollars; and to put the matter fairly, during the war years traffic decreased slightly. But according to the records covering last year reported to the statistical branch of the Department of Highways, monetary damage on our highways amounted to over $17,700,000; and this of course takes no account of the loss of life or the thousands who are so seriously maimed or injured that they will never be the same again.

It must not be forgotten that the population of Ontario is very unevenly distributed. Some 76 per cent of our population is in 5 per cent of our area, which means that we need large and numerous arterial roads to move traffic to and from such cities as Toronto, Hamilton, Windsor and other communities smaller in size. Our Department has started to build a road from Windsor to Hamilton; and as recently as Tuesday of this week we let contracts for the east bypass of the City of Toronto, which certainly is very greatly needed. [illegible], we were able to finish the road from Barrie to the east and west bypass of Toronto; and we find that there is great need for that road to be extended.

During the last Civic Holiday we had a survey group of young men who have done splendid work over the last few years to find out where the travelling public of the Province of Ontario come from and where they wish to go to. And, taking a three-day census, in that week-end over 50,000 vehicles passed over Highway 27, now a dual lane, and 11, and thousands wished to bypass the town of Orillia. It is evident that, even with the building which is now underway, there will be at a very early date a demand for much more.

MR. HOUCK: May I ask the Minister if that figure of 50,000 applies to three days, or per day?

HON. MR. DOUCETT: Fifty thousand per day. The survey was taken for three days and divided by three to obtain an average. So we may expect that this Legislature will be asked in the future to vote sums of money into this reserve fund over and above what is collected by the Highway Department, to take care of this very rapid growth of the population of Ontario and of the registrations of our motor vehicles.

I might also mention that we are having great demands from the municipalities. It is obvious that the effects of the increase of registration of over 46 per cent in ten years must extend into the townships, the counties, the towns and the villages. In 1943 the

amount of subsidies asked for the municipalities was $1,945,000. This year the counties have asked for $9,796,000. In 1943 the township subsidies amounted to $2,300,000; this year they have asked for $13,000,000. In 1943, of course, there was no subsidy whatever to the towns or the cities. They were not initiated before 1947. This year the towns and cities will receive over $10,000,000, a larger amount than is provided for all the counties in the Province, and almost as much as the townships will receive. In the period I have mentioned we have spent on King's highways an additional $350,000,000; and that provision has not begun, as I said, to suffice for the demands and the needs of present-day traffic.

While more money is needed to continue the great program which is underway, it will not be spent without the permission of this House. I believe that each and every Honourable Member realizes the needs of his own community, and the needs across this Province, and that we intend to go forward and become the leading Province of Canada, and, I will say, in America.

MR. OLIVER: May I ask the Minister just one question? Will the amount of money which he intends to place in the credit fund be put in in a lump sum?

HON. MR. DOUCETT: That is right. Just one

solid parcel, so you will be able to watch it.

MR. OLIVER: Not just on paper.

Motion agreed to.

Second reading of the Bill.

HON. LESLIE M. FROST (Prime Minister): Mr. Speaker, I move that you do now leave the Chair and the House resolve itself into Committee of Supply. I make this motion before I make my speech.

MR. SPEAKER: I have here a message from the Lieutenant-Governor, signed by his own hand:

> "The Lieutenant-Governor transmits supplementary estimates of certain additional sums required for the service of the Province for the year ending March 31, 1953, and recommends them to the Legislative Assembly."

HON. MR. FROST: In making the motion, Mr. Speaker, that you do now leave the Chair and the House resolve itself into Committee of Supply, I shall reserve anything I have to say for the conclusion of the debate. As far as the motion, that is wide open to Members of the House to speak. I must admit that I have not at the moment anything to say particularly, except that this sum of $20,000,000 which we are asking the Legislature to vote will be placed in this fund and

will be used for works which have been announced since the rising of the House last April: the works involved in the great Toronto bypass, the building of the bypass at Kingston, and the road from the vicinity of Kitchener over towards Toronto; the bypass at Orillia, and other works of that sort. Already contracts have been let, the work is actually proceeding, and most of this sum is going to be required.

The other night I made a radio broadcast which, I imagine, must have been satisfactory to the Opposition, because they have not raised any question about it. It was made in the course of the sitting of this House. My recollection of some of the figures is that car registrations are now in excess of a million and a quarter, and probably there will be an addition of 50,000 registrations before the end of the year; that we now have one motor vehicle for less than every four of our population -- men, women and children -- in the Province; and that as a matter of fact at this moment everyone in the Province could find a seat in a motor vehicle at the same time without being crowded. That is the extent to which this Province is on wheels.

Now, sir, as the Minister has said, one of our very great problems is this matter of highway traffic,

and to provide for it is the purpose of the supplementary estimates.

I may say that this motion is in the ordinary Budget form, which enables every Honourable Member to have a full and complete say on any subject he wants to discuss. So I make the motion, and leave it to Honourable Members to debate the issues which they want to raise.

MR. J. B. SALSBERG (St. Andrew): Mr. Speaker, on a point of procedure: I was hoping that someone else would raise it, but no one having done so, I do. I imagine that quite a number of Honourable Members will wish to speak generally in this debate. I think it is also correct to say that no one expected the commencement of this debate until tomorrow, as was indicated by the Premier (Hon. Mr. Frost); and I would not want Mr. Speaker to leave the Chair and have the matter over with. On the other hand, I do not think that those who wish to participate are ready to start at this time. Speaking for myself, I would rather not speak today, simply because I did not prepare myself to participate in the expected debate until tomorrow. I believe it was generally understood that on Thursday we were to engage in the debate on the motion of supply.

HON. MR. FROST: I can only say to my friend

that he is always able to make a good speech at any time. He was just itching to make a speech the day before yesterday.

HON. MR. PORTER: On any subject.

HON. MR. FROST: And at any time. I would say, sir, now is the time and now is the hour. We have forty minutes left, and I think we should go ahead. There may be other Honourable Members who want to speak, but my honourable friend from St. Andrew (Mr. Salsberg) is in the wonderful position that he has the first say. I did not suppose that he would have any complaint at all. This is his opportunity.

MR. SALSBERG: I am waiting to hear officially what is the position.

SOME HON. MEMBERS: Carried.

MR. SPEAKER: The motion is that the House resolve itself into Committee of Supply. Is it the pleasure of the House to pass the motion?

SOME HON. MEMBERS: Carried.

MR. SALSBERG: I am not going to forego the opportunity for a debate. If the other groups in the House want to let it go, and not participate, that is up to them. Although I am not prepared, I will proceed rather than allow this opportunity to go by. I appeal to the Premier not to press his

suggestion, but to allow the motion to stand until tomorrow. I am sure there are Members of the Official Opposition and other hon. Members who wish also to participate in this discussion. Rather than forego any opportunity, I will participate now, but I do not think it is proper, the impression having been left with Honourable Members that this debate would take place tomorrow, to persist in proceeding now.

MR. SPEAKER: I must advise the Honourable Member that I think I gave ample time to any Member of the House to rise and speak, at the proper time.

HON. MR. FROST: I may say that I would not want to stand on any technicality, and I think my honourable friend should have the opportunity to make his speech. His suggestion was that the House should be adjourned. Let me point out that it is twenty minutes after five. Last night I mentioned that we might have a night session. Now, Mr. Speaker, I do not think that is going to be necessary. I understand a number of Honourable Members have other commitments, and therefore we do not want to have a night session. We have made good progress, and I think we can go ahead for a time. I know my friend has a good speech there, because he

wrote me a letter a month ago saying he wanted to speak. The House has now given him an excellent opportunity. I may say that I quite agree that tomorrow if other Honourable Members want to say anything on any subject they will be able to do so, but we have an opportunity now, and I hope my friend will avail himself of it. I am looking forward to hear his speech, and I think now he has an excellent opportunity.

MR. SALSBERG: Still on a matter of procedure: does this mean that the other Opposition Members of this House do not wish to avail themselves of the opportunity for a debate?

HON. MR. FROST: Go ahead.

MR. SALSBERG: If that is so, let it be clear that there will be only one speech.

SOME HON. MEMBERS: No.

MR. SPEAKER: All I can do is put the motion. It is the custom on the Budget speech that any Honourable Member can rise and address the Chair. Ample opportunity to do so was given. I do not think this is the place for any individual Member of the House to inquire what is the intention of other Members with regard to making speeches. If the Honourable Member has a speech he wants to make, I think this is the time for him to go right ahead.

AN HON. MEMBER: If the Honourable Member does not speak tonight can he go on tomorrow?

HON. MR. FROST: I cannot be responsible for the delay of the business of the Province.

HON. MR. PORTER: Now for the "cardboard dragon"!

MR. SALSBERG: I wish to speak. I am very sorry that other Members do not wish to continue and to avail themselves of this opportunity. I want to say to the House that I have not prepared a speech.

AN HON. MEMBER: You have.

MR. SALSBEG: I have not. However, I wish to make a few remarks on a number of matters which in my opinion should be dealt with during this special session, and I will with your indulgence, Mr. Speaker, attempt to make some of those remarks at this moment.

Mr. Speaker, the Prime Minister (Hon. Mr. Frost) has, on a number of occasions since we convened, stated that I have served notice on him of intention to speak on the Don Jail break. I want to correct him at this time through you, Mr. Speaker, and say that my communication to the Prime Minister did not ask for a discussion of the Don Valley break alone. In that communication I stated that the Don Valley break, coming as it does after a number of disturbing developments and occurrences in institutions under the

administration of the Department of Reform Institutions, does create a situation that calls for a full statement from the Government and a discussion on the part of Members of this House. In other words, Mr. Speaker, I did not and I do not suggest that we limit these remarks, either from the Government side or from the side of private Members, to the Don Jail alone.

I am also cognizant of the remarks of the Premier yesterday. He stated that Members are free to discuss the events of the Don Jail if they so desire, but he advised them to perhaps refrain from doing so in view of the Royal Commission now sitting. Let me therefore say that we are confronted with a number of disturbing developments, the responsibility for which is that of this Government, and I am not singling out for attack the Minister of Reform Institution. On every opportunity I have stated that I have a very high regard for the Minister, and I now repeat that I do not question his own desires in this connection. The fact however remains that there were serious disturbances, some of them of a character never before encountered in penal reform institutions in this Province. All these occurrences took place since we last convened.

(F-1 follows)

The Guelph riots were of an extremely serious character. The damage was extensive. We do not know yet how extensive it was. The action of those in authority, in my opinion, in retaliation was unnecessary cruel and punative to the extreme, -- and I am not defending those responsible for the riots.

HON. MR. FOOTE: Why encourage it then, because that is not true.

MR. SALSBERG: If the hon. Minister is involved, and wants to go into the matter more fully, I will go into it more fully with him at any time, here or elsewhere. I do not condone -- in fact, I condemn -- any such actions which leads to the destruction of property as was the case in Guelph.

But, as I say, the action of the authorities was unnecessarily cruel, to keep a man out in the scorching sun as was done by those in authority, and to let these people sleep outside.

I know the damage was done. I know that some of the places they formerly occupied were not in a condition to be used, but I say the policy does not solve the problem.

I am not going into great detail on this question at this time, Mr. Speaker. I refrained from discussing the Don escapes, and I will not go into greater detail of the Guelph affair. I touch on it

only, at this time.

As I repeat, I am conscious of what the hon. Prime Minister (Mr. Frost) said about the Royal Commission, and I touch on the matter only in this limited fashion to repeat a request I made in this House on a previous occasion, a request I made of the Government, whenever I had the opportunity, and that was to recognize that something,is wrong when occurrences of this character take place, and to recognize that something must be wrong or they would not take place, and to try and seek a more fundamental solution than I am afraid is being resorted to, by the Government.

I read in the papers as no doubt other hon. members of this House have, that as a result of the Guelph unhappy experience, the Government has decided to built a new and more confining type of institution.

HON. MR. FOOTE: That was suggested long before the raid.

MR. SALSBERG: As a member of this House, I fail to follow the information given to the House by any hon. Minister. I do not recall of a decision of that kind ever having been made, and I suggest, Mr. Speaker, that it is a bit hasty to conclude that the only answer is a bigger and stiffer jail, something along the line of a small penitentiary.

By the way, I do not think it should be placed in the constituency of the hon. Minister of Reform Institutions (Mr. Foote). If we have to have one, let us put it in another constituency.

HON. MR. FOOTE: That will have certain advantages.

MR. SALSBERG: Undoubtedly you will be around, and it will be of advantage, I imagine, to certain people who will benefit from the establishment of an institution there, but I understand you have quite a number of provincial institutions there already, while the outlying points have not any as yet.

I repeat this appeal, that before we spend one million or one million and a half dollars of the taxpayers' money on another jail, the Government appoint-- or we appoint -- a commission for a thorough investigation of the problems in our institutions. I have suggested that in the past, and I repeat it now, that either this Government agree to a Select Committee in this House, or to a committee of experts outside of this House, but not including members of the staff of the Department of Reform Institutions, and by saying that, I cast no aspersions on the members of that staff.

I suggest, Mr. Speaker, that this is not outlandish, nor not constructive. I suggest it is

constructive. I ask you to recognize that these things are wrong, or else these occurrences would not have taken place and I then ask that we get either a committee of experts, or a committee of the members of this House, to study the problem thoroughly and make recommendations to avoid such tragic events in the future, and to determine what are the best possible institutions for reforming every prisoner that is put in confinement.

Mr. Speaker, certainly there is a lot to learn in this field; certainly there is.

I notice that the hon. Minister and his Deputy have spent a little while in the United States recently, and, according to the newspapers, they found that guards are more important than prison walls and bars. Frankly, I do not think we had to go to the States to find that out.

But, be that as it may, certainly there is much we can learn from the experience of the British institutions, and I think, with all their faults, the British institutions are far ahead of the American.

HON. DANA PORTER (Attorney-General): What about the Moscow institutions?

MR. SALSBERG: I repeat, therefore, Mr. Speaker, that I am seeking to put no one"on the spot", directing no fire at any one, stirring up no

controversy, but at this stage simply asking that we recognize it is a serious problem, so let us try not to approach it by any hasty decision of building another jail, or any other action in one or another direction. Let us invite in the experts, if you do not want a committee of this House, and let them go into it thoroughly, and make their recommendations.

If I were in the place of the hon. Minister of Reform Institutions (Mr. Foote) -- for whom I have a very high regard -- I would insist upon a thorough investigation -- I would insist upon it, not merely agree to it. And if I were the hon. Prime Minister of this province, I would urge the appointment of such a committee of outstanding experts, who are to be found in this province, in several universities, churches and social welfare agencies, and let them go into this problem in a thorough fashion.

So much for the matter of jails.

Now, on another matter: we were advised through the Press, since we last met, of certain changes in the Cabinet. And, by the way, this is the first opportunity that the Government has had which should have been utilized for explaining the purpose of the changes made.

One hon. Minister was separated -- or separated himself -- from his portfolio. A new hon. member came in,

and another hon. member was shoved around. These are serious things.

MR. WARRENDER (Hamilton Centre): We are satisfied.

MR. SALSBERG: Another hon. member came in, who has just walked in, and I want to join, Mr. Speaker, with all the hon. members of the House in welcoming him back. I am glad to see him back. I am sure the work of his Department and of the province as well, will benefit. I want to say to him that I am sorry to see that he still limps a little. I am sure he will get over that quickly. I also want to assure him that in his absence, the whole Government limped too.

SOME hon. MEMBERS: Hear, hear!

HON. MR. DOUCETT: That is just your opinion.

MR. SALSBERG: The hon. Minister of Highways (Mr. Doucett) is too important a prop for this Cabinet to be away for too long, without the entire Government limping. They limped far more than the hon. Minister of Highways does now, after his return.

These things have taken place, and I think some remarks should be made about them.

Unprepared as I am, I want to say briefly the following: In the first place, I was sorry to see the hon. Minister of Lands and Forests (Mr. Scott) go.

I am assured that he wanted to go. If so, it is probably the first time that a Minister struggled to get out of his Portfolio. Usually, the battle is to get the appointment. In this House, the battle becomes sharper now from day to day, with this terrible load of hon. members on the back of the hon. Prime Minister, every hon. member sure that he could do the job of a Cabinet Minister better than it is being done. I know there is a terrific struggle going on for the Treasury benches, and this is the first time I ever heard of an hon. Minister voluntarily leaving his Portfolio.

I have my doubts. I said in a statement at the time when the former hon. Minister of Lands and Forests (Mr. Scott) announced his withdrawal, I said that the character of the announcement was that there was nothing wrong with the hon. Minister, but what was wrong was the policy of this Government with regard to forests. No amount of shuffling of hon. Ministers into that Portfolio will solve that problem. I think the former hon. Minister (Mr. Scott) was a good Minister, but the policy was wrong.

Now then, having made that change, Mr. Speaker, the hon. Prime Minister (Mr. Frost) resorted to a rather queer method of appointment.

I welcome the new hon. Minister of Mines (Mr. Kelly), and I wish him well. But, frankly, it looked, -- and I am sure it looked the same to other people -- as sort of an "Alice in Wonderland" procedure.

Just listen to this, from the Globe and Mail:

"Minister of Lands and Forests quit" -- -- or was let out. However, be that as it may, the Government appoints a new Minister for Lands and Forests, a man who was the Minister of Mines, and who evidently had some experience in mining. He comes at least from a mining constituency. They make him the Minister of Lands and Forests, a field in which he is quite strange.

Then they take a man who comes from a forest area -- from Cochrane North -- one who knows nothing about mines, and they make him Minister of Mines. That is fantastic. I do not know what prompted the otherwise clever hon. Prime Minister (Mr. Frost) to resort to such methods, and, without any reflection on the new Minister of Mines, I want to say that when he was interviewed by the Press, after his appointment, and was asked what qualifications he had for being a Minister of Mines, he, in all honesty, said that in 1929, together with a lot of other people of the North, he had made quite a contribution to mining. And the

Toronto Telegram, in reporting it, adds, "He smiled wryly when he said that". I suppose he meant he lost some money in mining stock, in 1929.

That is what he said. I am merely quoting from memory because I did not expect to speak here, because the statement he gave the Telegram --

MR. WARRENDER: Why say that? You have been working on that speech for a month.

MR. SALSBERG: You could have been working on it for a year, but I assure you I did not work on it for one day. Just watch and you will learn how to do it.

Here we have this spectacle; a man who says he knows nothing about mining is made Minister of Mines; a man who knows something about mines is switched to Lands and Forests. I do not think that is good policy. I do not think it is conducive to good administration. I do not think it was appreciated by the people of this province. Do not challenge me for another election, because if you want it, I will take you on at any time. The Government benchers have been in the habit since they came back here with such a large majority, of saying, "well, we are here, in big numbers". That is true. But it is also true, as Abraham Lincoln said, that you can do it to the people some of the time, but you cannot do it all the time, and I am quite

certain that it is not conducive to good administration to make such switches in the manner in which the hon. Prime Minister (Mr. Frost) has done.

Now then, there is one other point I want to bring to the attention of the House, something which has disturbed me considerably. It happened since our last Session, and I want to mention it here.

For a period of weeks, the people of this province were treated to a mystery play by the newspapers telling them that some mysterious person or group was or were buying up farms in Norfolk County,, that good tobacco land was being bought, but nobody knew by whom, or what for. It had people speculating as to the facts. Was it a big plant going up? Was Ford moving in? Was something else coming in? No one knew.

The secret was well kept until one fine morning the Globe and Mail in Toronto sprang the news, and the news was that the United States Steel Corporation had bought up the land, and secured the mineral rights, because there is a great deposit of iron ore underneath the surface of this farm land around Simcoe.

Well, the Globe and Mail was not satisfied with the telling of that news, but as a good newspaper -- and in spite of the fact of our disagreements, the Globe

is quite a good newspaper; I disagree with its policy, but as a newspaper it is all right -- they brought up some further news, some further intelligence -- and I hope nobody will challenge my use of the word "intelligence" --

MR. WARRENDER: What date is that?

MR. SALSBERG: The Globe and Mail of Friday, June 6th, 1952, which carried this heading "The United Steel Corporation buys land".

Then they bring this additional information which I frankly state did not make me feel very happy. They said:

> "When the then Mines Minister, Welland Gemmell, visited the Mississabi Iron Range in the United States last year, he casually invited the United Steel Corporation officials, with whom he was travelling, to come over and spend some money in Canada. Wednesday, he was reminded of his invitation, and told that the multi-million dollar investment which the Company is making in the Simcoe area, is their reply. To his successor, the new Mines Minister, Philip Kelly, the duties of host have fallen".

Well, on the surface there is nothing wrong

except that I, Mr. Speaker, question the correctness of a Minister of Mines of this province knowing as he undoubtedly does, that a great reserve of iron ore was located in a given area in this province -- going to the United States and inviting an American corporation to come in and spend "a buck".

I felt, however, that would be excusable if the Minister went to the trouble of also inviting the Canadian Steel Company to come and take a look. Now, Mr. Speaker, we are all familiar with the geography of the province, and we know that Simcoe is not far from Hamilton. We also know that Hamilton is the steel centre of this country, the biggest single steel mill is in that area.

MR. WARDROPE (Port Arthur): What about Sault Ste. Marie?

MR. SALSBERG: I said Hamilton. That needs a great deal of iron ore. I am not suggesting they have a shortage of ore, but it is logical, and good economics, and good business, to bring together a vast supply of iron ore, which is only forty miles away from one of the big steel mills, and that steel mill, and to make it available for improved production, and I think if the hon. Minister, while travelling in the Mississabi range, to which some of the United Steel corporation invited him, he should at least

have invited some of the Canadian mills.

HON. MR. GEMMELL (Minister of Lands and Forests): May I ask a question, Mr. Speaker?

MR. SALSBERG: No, I would rather the hon. Minister permit me to finish, and then he can ask any question he likes.

Now, to satisfy my curiosity, I wrote to Mr. Hilton, the President of the Steel Company of Canada, and told him I read this in the paper, and I would like to know, if he cared to tell me, whether the Ontario Minister of Mines had also advised his Company of the information, and had the Canadian Steel Company been invited to take a look at the iron ore in Norfolk County.

HON. MR. GEMMELL: On a point of order, Mr. Speaker, the remarks by the hon. member for St. Andrew (Mr. Salsberg) leaves the impression that I invited the United States Steel Company to spend some money in this area, and to explore the Simcoe area. That is entirely erroneous. I said that I would supply them with all the information our geological branch had available, and they could explore any part of the province which they wished.

May I say to the hon. members that the land in Norfolk County is entirely freehold and patented land, and owned by the people who live on it, and is not at

the dispostion of the Government at all. I never directed these people to Norfolk County, in any way, shape or form.

MR. SALSBERG: Mr. Speaker, I would like to have the privilege to continue this, and then I will yield to the hon. Premier.

HON. MR. FROST: I wonder if I may say something, Mr. Speaker --

MR. SALSBERG: No, Mr. Speaker. I insist on the right of finishing this one point.

I wrote to Mr. Hilton and asked him whether the Minister of Mines also invited him.

Mr. Hilton was away on vacation when my letter reached there, and his assistant replied that when Mr. Hilton returned, he would undoubtedly answer my letter.

I now have a letter dated September 25th, signed by Mr. Hilton, addressed to me, reading as follows:

> "I apologize for the delay in following up the letter written by Mr. Griffith on June 19th.
>
> In reply to your question, may I say that this Company was not approached, either directly or indirectly, by the Ontario Government, in

connection with the Simcoe, Ontario, area.

Sincerely yours,

(signed) Mr. Hilton, President".

MR. WARRENDER: That is what the hon. Minister said.

MR. SALSBERG: Now, Mr. Speaker, the hon. Minister in interrupting me, tried to make a correction that these were not Crown lands. I never said they were Crown lands. In fact, the record will show that I spoke of "farm lands".

Secondly, the hon. Minister said that I am trying to imply that he invited them to look into the Simcoe area, whereas his invitation was extended to cover the whole province.

HON. MR. FROST: Certainly.

MR. SALSBERG: I base my statement on the Globe and Mail story. If the Globe and Mail is incorrect, then, of course, that is another matter. The Globe and Mail's story was to the effect that the announcement made about the United Steel Corporation entering Simcoe County, was the answer to the invitation by the hon. Minister.

HON. MR. CHALLIES: Yes.

HON. MR. FROST: So it is.

MR. SALSBERG: I do not think so, Mr. Speaker,

and I suggest that such procedure is entirely wrong -- wrong. I am not saying that anything was irregular. Now, please understand me --

HON. MR. PORTER: Are they hiding behind the Iron Curtain?

MR. SALSBERG: I say it is wrong in principle.

HON. MR. DALEY: What is?

MR. SALSBERG: If the Department has information, that information then becomes the property of everybody.

HON. MR. GEMMELL: These reports were published years ago.

MR. SALSBERG: I know they were, and I have copies of those reports.

HON. MR. PORTER: So, undoubtedly, had the Steel Company.

HON. MR. DALEY: And no doubt the Steel Company of Canada had the reports, also.

MR. SALSBERG: I say that no hon. Minister of the Crown should go to the United States and invite a big American corporation to come in here, without at least extending simaltaneously an invitation to Canadian companies, particularly when the iron ore is practically in their own back yard.

MR. CHALLIES: It is already there.

MR. SALSBERG: Mr. Hilton said that neither

directly nor indirectly was he invited.

HON. MR. PORTER: The one thing that can be said is that we did not give them the money.

HON. MR. CHALLIES: The only mistake was that he apologized to you.

MR. SALSBERG: I say this method should be condemned.

I might say, in connection with that, that I do not necessarily mean that the United States Steel Corporation will begin to exploit those reserves. It would not be the best thing. May I advise the hon. members of the Treasury benches, who heckle me a little on this question, that their own national Leader has gone up and down the province saying the same thing I said in the House at the Spring Session, and that I am saying now. You heckled me in the Spring when I spoke about utilizing Steep Rock and their iron ore development, for the development of the steel industry in Canada. May I say that I would sooner see a steel mill at the head of the lakes utilize less iron ore than to ship more of it to the United States. I would sooner see the Steel Works of Canada in Hamilton -- a private firm -- get the advantage, so long as we have private enterprise, and I would sooner see it develop the steel industry in this country. So do not heckle me. Here they have iron ore only about forty miles away,

so close, they could almost bring it in on a belt, at the lowest possible cost of transporting the iron ore.

I say it is wrong. I say it is a wrong policy for a Minister of Mines in a case like that, to fail to make the information public, and urge Canadian corporations to step in and utilize the ore, and I should have thought the first one to be notified, would be Stelco, because they are the closest to this iron ore.

I think this is not in the best interest of this province.

I want to go back and say that it would be bad, I think -- and Mr. Drew says it would, too -- in the long range, and would be against the interests of this province, to have this iron ore of Norfolk County picked up and shipped out, rather than utilize it here.

But, Mr. Speaker, we have no guarantee that they will do that. The United States Steel Corporation is securing iron ore deposits all over the world, wherever they can find it, not necessarily for immediate exploitation, but for reserves to use if and when it so desires, as a means of withholding those national deposits from competitors in the very country in which they are located. You know that is so.

The United States Steel Corporation can decide to pick it up and take it away, and the Canadian Steel Company of Canada will be then obliged to bring iron ore

a distance of perhaps a thousand miles.

Or the United States Steel Corporation can decide to let the ore lie in the ground for fifty years, if their other deposits elsewhere suffice for its need for the development of the steel industry.

I, as one member of this House, want to protest against such behavior and this policy if it is indeed the policy of the Government of Ontario.

MR. WILLIAM MURDOCH (Essex South): I wonder if I could be permitted, on a point of order:

The hon. members of the Legislature were invited to go to Hamilton this morning and visit the largest steel mill in Canada, and I might say there was only one member of the Opposition present with us, that is, the hon. member for Cochrane South (Mr. Grummett).

We were told by the President, Mr. Hilton, that they have utilized ore from the United States because it was a low-grade ore suitable to their refining production, and they did not use, for instance, the high-grade ore from Steep Rock, which is being exported from Canada to the United States for high-grade steel. That was the answer given to us this morning.

From 45 to 50 of the hon. members on the Government side were on that visit at the steel mill this morning, and that point was explained to them, that they imported the ore from the United States,

because it was the type of low-grade ore which suited their production.

MR. SALSBERG: I am sorry I was unable to attend with the hon. members of this House, on the visit to the Stelco works.

HON. MR. PORTER: Why is that? Were you preparing your speech?

MR. SALSBERG: I wanted to go, but I was prevented because I had to be at a meeting of the Board of Control of Toronto, Mr. Attorney-General, as a representative of a Toronto constituency in this House, to raise a question you never raised with them, namely, the 1953 tax rate.

But I want to say to the hon. member for Essex South (Mr. Murdoch) that I am not entirely a stranger to that plant. As a matter of fact, I have walked around that plant in the past quite a number of times. When the steel strike was on, I considered it my duty as a Labour member of this House to go down there and join the strikers, and attend with them on the picket lines.

HON. MR. PORTER: Did they want you there?

MR. SALSBERG: I was on the outside, but I hope that Mr. Hilton will make it possible for me to see inside the plant.

HON. MR. PORTER: Did the strikers invite you?

MR. SALSBERG: That does not change the main point I am trying to make. It is a matter of policy and I say that even if you were to limit yourselves to the policy now advocated by the National Leader of the Party in power here to-day, such action would be entirely wrong, and would call for a reprimand.

I can well imagine if a Liberal Minister were to do that, and the hon. members on the Government side were sitting on this side, what they would do. From what I know of your actions in the past -- and by "your" I mean the hon. members on the Government side -- when you were in Opposition, I can very easily envisage a situation where you would make the seat of Government very, very hot, if you were in Opposition and a Liberal Minister were to do that.

I say to all of my good friends who are hon. members sitting on the other side, and who have arrived here only recently, that you should acquaint yourselves with the role of your leaders in this House, when they were in Opposition. They were a good Opposition. They fought. Is that right? Sure. But if they were in Opposition, and a Liberal Minister were to do that, they would have gone after that Government with everything they had.

MR. OLIVER (Leader of the Opposition): The Liberal Minister would not have done that.

MR. SALSBERG: I am told that a Liberal Minister would never do that. That is a different story. I never thought of that.

Now, I return to the point I want to make, and I want to make it in all seriousness. I protest against such procedure. I think it calls for a reprimand, and I think the Government should assure the people of this province that it will not occur in the future.

HON. MR. FROST: Let me point out, Mr. Speaker, that the Steel Company of Canada, as far as I know, is not a mining corporation. They purchase ores which they need from concerns and companies which can sell them. They blend them.

It is the same with the Algoma Steel Corporation. The Algoma Steel Corporation at Sault Ste. Marie does not use all Ontario ore. They purchase from others, and produce the blend they require.

The hon. member for St. Andrew (Mr. Salsberg) has been told that countless times. He knows as well as I do, that that is the case.

Why, you might as well write to the Rennie Seed Company as to write to the Steel Company of Canada as to the development of certain mining properties in Canada.

(Page G-1 follows)

Mr. SILVERMAN: I am just saying a lawyer
violence would never do that. That is a different
class. I never learned of that.

Now, I return to the point I was in make.
that I want to give it to all witnesses. I provide
signed, sworn testimony. I think it would be a requirement.
and I ask the Treasury Department review the legality of
this position that it will not occur in the future.

Mr. Mr. [illegible] [illegible] Mr. [illegible],
[illegible] [illegible] [illegible] [illegible] I know, is
not a matter of [illegible]. Any person who has ever
[illegible] [illegible] [illegible] [illegible] with our tax
laws. [illegible] [illegible].

(At 11:20 a.m. the hearing was recessed [illegible] on
the [illegible] [illegible] [illegible] Mr. Brain [illegible]
[illegible] [illegible] [illegible] [illegible] from [illegible],
[illegible] [illegible] [illegible] [illegible].

The [illegible] [illegible] [illegible] [illegible] [illegible]
[illegible] [illegible] [illegible] [illegible] [illegible] [illegible]
[illegible] [illegible] [illegible] [illegible] [illegible] [illegible]
[illegible] [illegible] [illegible] [illegible] [illegible].

[illegible], [illegible] [illegible] [illegible] [illegible] [illegible]
[illegible] [illegible] [illegible] [illegible] [illegible] [illegible]
[illegible] [illegible] [illegible] [illegible] [illegible] [illegible]
[illegible] [illegible] [illegible] [illegible] [illegible] [illegible]
[illegible].

(Whereupon [illegible])

(Hon. Mr. Frost)

Now, Mr. Speaker, I may point out to my friend that, as a matter of policy, some four or five years ago we started magnetometer surveys in the Province of Ontario. We also started seismographic surveys, having to do with the reaction of underground explosions on certain instruments, to indicate the presence of gas or oil. If my good friend the Minister of Lands and Forests (Hon. Mr. Gemmell), when Minister of Mines, extended an invitation to the United States Steel Corporation, I am delighted, because I did the same thing myself when I was Minister of Mines. I extended an invitation to the Inland Steel Company, and that company's representatives came over to see us, and today they are developing an important ore body at the Steep Rock Mine. We have also had the pleasure of discussing matters with the Bethlehem Steel people, who are spending $10,000,000 in Eastern Ontario in developing properties there; and others are interested. We are very glad to have American money; we are very glad to have American interests and American industries come into this Province. The more we have, the better.

SOME HON. MEMBERS: Hear, hear.

MR. SALSBERG: I have completed my remarks

on the question. The declaration the Premier has now made is one that I do not favour, but it is a declaration of policy, and it is something which will be followed up and, I am sure, discussed publicly,.. and may confront your national leader at every turn when he begins speaking about the utilization of the natural resources of this country. Do not be surprised if citizens take up the declaration which the Premier made a minute ago and ask why you take one line when you are in opposition, and another line when your party is in power, as in the case of Ontario. But that is something I will not pursue at this moment. As a friend of the Premier, I merely warn him of possible developments in that direction, and let him govern himself accordingly.

Mr. Speaker, I have something to say about other matters, notwithstanding the fact that the Prime Minister forced me, as it were, to start without preparation and without notes. I wonder if he would agree, in view of the clock, to allow me to adjourn the debate.

HON. MR. FROST: That is all right.

MR. SALSBERG: The Prime Minister indicates agreement. I move the adjournment of the debate.

Motion agreed to.

HON. MR. FROST: Mr. Speaker, might I say that we have made good progress today, and, in agreeing to the adjournment which my honourable friend has moved, may I say I hope that tomorrow he will be able to complete his speech ---

MR. SALSBERG: Very quickly.

HON. MR. FROST: --- with expedition. We are most interested in what he says, but I think we would like to complete the sittings of the House.

Tomorrow, sir, we have Committee work with three Bills. I would like to complete that; and then we would go ahead with this debate. I think we might adjourn until 2 o'clock tomorrow afternoon instead of 3, -- which, I think, would permit us to complete our work early. So I move, seconded by Hon. Mr. Doucett, that when this House adjourns the present sitting thereof it will stand adjourned until 2 o'clock tomorrow afternoon, if that is satisfactory to my honourable friends.

MR. OLIVER: May I ask my honourable friend whether he will proceed first with the committee stage of the Bills?

HON. MR. FROST: Yes.

MR. OLIVER: That will be satisfactory.

HON. MR. FROST: I think we might proceed with the committee stage on the third readings of the Bills, and then complete this motion, if that is satisfactory.

MR. OLIVER: Yes.

Motion agreed to.

The House adjourned at 6.15 of the clock p.m.

ONTARIO

Second Session
of the
Twenty-Fourth Legislature
of the
Province of Ontario

0

Toronto, Ontario, October 20, 1952, et seq.

0

Volume IV

Thursday, October 23, 1952.

0

HON. (Rev.) M. C. DAVIES, - Speaker.

R. C. Sturgeon,
Official Reporter,
Parliament Buildings,
Toronto.

F O U R T H D A Y

P R O C E E D I N G S

of the

SECOND SESSION OF THE TWENTY-FOURTH LEGISLATURE OF THE PROVINCE OF ONTARIO, HELD ON TUESDAY, OCTOBER 21, 1952, et seq.

Hon. (Rev.) M. C. Davies,
Speaker.

- - - - - - - -

Toronto, Ontario,
Thursday, October 23, 1952,
3:00 o'clock, p.m.

- - - - - - -

The House having met.

Prayers.

VISIT OF ETHNIC PRESS CLUB

On the Orders of the Day:

MR. J. YAREMKO (Bellwoods): Mr. Speaker, before the Orders of the Day, with your very kind permission I would like to bring

to your attention and the attention of the Members of this House that we are privileged this afternoon to have as guests, in the Press Gallery, members of the Ethnic Press Club of the City of Toronto. These gentlemen are members of the Press whose responsibility it is to bring information to the people of Ontario and Canada through the printed word in the mother tongue of the peoples who subscribe to their newspapers. We have with us today editors and representatives of newspapers and publications in the following tongues: Finnish, Czech, Estonian, Latvian, Polish, Ukrainian and Lithuanian. There are some dozen. I know I am expressing your feeling, and I am sure the feeling of all the Members of this House, that we extend to them a very hearty welcome, that they may have a very pleasant and informative afternoon, and that in the years to come they may feel free to attend the deliberations of this Assembly at any time, so that they too may pass to their readers what takes place within this house, on behalf of the people of Ontario.

SOME HON. MEMBERS: Hear, hear.

HON. LESLIE M. FROST (Prime Minister): Mr. Speaker, I am very glad to add words to what

the Honourable Member for Bellwoods (Mr. Yaremko) has spoken concerning the visit here of the Ethnic Press Club, representative of various languages and racial origins here in the City of Toronto. May I say that Ontario generally, and particularly large centres of population such as Toronto, are becoming more and more a melting pot of the nation, where people are coming from other parts of the world and adding their cultures and their skills and their ideas, all going to make a better pattern of what has been referred as "the Canadian mosaic."

It is a very great pleasure, sir, to welcome these gentlemen here; and I think it is a pleasure for all of us in this Assembly to recollect that in our Province the representatives of the people have passed legislation, in various spheres, banning discrimination on grounds of race, colour or creed. I often think that that adds to the contribution which Ontario and Canada may make to world conditions and world betterment in these days. After all, when you take apart the elements of these difficulties, it really comes down to a problem of the peoples of the world living together. In Canada, from the very

commencement of things, from the days when French and English in this country learned to live together, we have been an example to the world; and perhaps, after all, above and apart from all values expressed in columns of figures, in dollars and cents, that is the greatest contribution that we have made to the world in which we live. So I am very glad, sir, to re-echo the words spoken by the Honourable Member for Bellwoods and to extend to the members of the Press Club here our very hearty welcome.

VISIT TO HON. RAY LAWSON

HON. LESLIE M. FROST (Prime Minister): Mr. Speaker, may I also say that I have just come, in company with yourself, the Leader of the Opposition (Mr. Oliver) and the Members of the Cabinet from a little party which we had for the former Lieutenant-Governor of this Province, the Hon. Ray Lawson, at which, in a very informal and off-the-record way, we thanked him for his contribution to the people of our Province. I am sure that Honourable Members here will re-echo on their part the sentiments that we expressed to Mr. Lawson.

HON. MEMBERS: Hear, hear.

HON. GORDON CONANT

HON. LESLIE M. FROST (Prime Minister): Mr. Speaker, I have been reminded through a press clipping from the Windsor Star which was placed on my desk, referring to bygone days, that ten years ago, either today or yesterday, the Hon. Gordon Conant was sworn in as Premier of this Province. We all regret today to hear of Mr. Conant's very serious illness. He is confined to his home in Oshawa suffering from a very serious illness.

In political life it almost invariably happens that, above all the controversies and the political warfare that take place, there stand the friendships that are made. In this Assembly, through the days that those of us here can recollect, we have had on occasion bitter debates, we have had political warfare in a very marked degree, but after all there has inevitably survived friendships and feelings of good will between the Members of this Assembly.

I well recollect the days when some of us here sat in opposition and Mr. Conant was the Attorney General. Naturally enough he, like our present Attorney General, our chief Ministers, and all Members, was a centre of controversy, large

[Gov. Hodges cont'd]

Mr. CHAIRMAN, MR. SPEAKER (Frank Holderness):

Mr. Speaker, I have been receiving through a press clipping from the Windsor Star which was placed on my desk, relating to Premier Hodges, that he feels he can, without fear or partiality, the Gov. Hodges Report was born in the Premier of Nova Scotia. He at larger group in fact of Mr. Donnelly very serious illness. He is confined to his home in Sydney suffering from a very serious illness.

In political life is blessed invariably between men, there are no conspiracies and the opposition members have very prime, those around the Premier's chair are made. In this Assembly, through the days that those of us who [illegible] politics, all the [illegible] of political [illegible], we have had political parties in a very marked degree, but after all there has invariably resulted intermingle and feelings of good will [illegible] Mr. Speaker if not [illegible].

I will recollect the day when some of us have had in opposition and Mr. Dennis was the attorney General. Personally speaking he, like our present Attorney General, was chief Justices, and all Members, not a shadow of controversy, large

or small. But above all these things I always remember that Mr. Conant, a human being like all the rest of us, and with the frailties which go with all of us, was nevertheless always a kindly gentleman. That was always my experience of Gordon Conant. Above political considerations, it was his desire to serve his country. I believe that can be said of us all; and the fact that today, having served here in Ontario in a judicial capacity, and then, as is natural on the part of a father, having retired from public service and public office to undertake the re-establishment of his younger son, not only as a duty but as a pleasure, it is matter of great regret to us that he should have been overtaken by what is a very serious illness indeed. I am sure that we would want to extend to Mr. Conant, a former Premier of this Province, a former Attorney-General and Member for Ontario South, and one who gave unstintingly of himself in his day for the people of this Province, our hopes for his full and complete recovery.

HON. MEMBERS: Hear, hear.

MOTION FOR COMMITTEE OF SUPPLY

HON. LESLIE M. FROST (Prime Minister): Mr. Speaker, I move that you do now leave the Chair and

the House resolve itself into Committee of Supply.

MR. SPEAKER: Mr. Frost moves that I do now leave the Chair and the House resolve itself into Committee of Supply. Is it the pleasure of the House that the motion carry? . . Carried.

Motion agreed to.

MR. SALSBERG: Well, Mr. Speaker, was I not in the midst of speaking, and did I not move the adjournment of the debate last night?

MR. FROST: Oh, yes, but we will call that Order later in the afternoon and my friend will have the opportunity to then go ahead with his address.

MR. SALSBERG: I have the assurance that the Order will be called early in the afternoon?

MR. FROST: It all depends how much time you take up from now on.

MR. SALSBERG: I mean that normally we would have gone on at the outset.

MR. SPEAKER: Order. There is a motion before the House. The motion is that I do now leave the Chair and that the House resolve itself into Committee of Supply. That has been carried.

MR. FROST: The Honourable Member will get his chance.

BILL RESPECTING AN AGREEMENT BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF ONTARIO FOR THE SUSPENSION OF CERTAIN TAXING ACTS BY ONTARIO

CLERK OF THE HOUSE: Order No. 3: House in Committee on Bill No. 2, an Act respecting an Agreement between the Government of Canada and the Government of Ontario for the Suspension of Certain Taxing Acts by Ontario. (Mr. Frost).

Sections 1 to 6 inclusive agreed to.

On section 7:

HON. MR. FROST: Mr. Chairman, I have had some doubts as to the advisability of including section 7 in the present Bill. It might be better to allow that section to stand over, -- to delete it from this and to include it in subsequent legislation. I have had some fears regarding this clause, which has to do with the filing of returns by corporations to the Province. I discussed it with the Treasury officials, and I think that it is undoubtedly the feeling of the Government and the policy of the Government that, as regards returns of that sort, anything that we can do to simplify business, both as regards the people and corporations and industry, should be done. In this case, the agreement

affects the Province from the 1st of April 1952. Already many corporations have filed returns with the Province for this current fiscal year, and not only so, but have paid into the Province large sums of money, which will be refunded, because the Dominion will take over the collection of these taxes from the 1st of April. I think I am stating correctly the view of my officials in saying that they think that the provision that upon notice or demand returns can be filed, is sufficient to meet the situation. But, after discussion and consideration, I have thought that perhaps it would be better to delete section 7 entirely; in other words, that the Suspension Act would remain in effect and that the other provisions of the corporation tax should not be interfered with. I feel that probably the next session of the Legislature will be sufficient time to pass that provision. Rather than to pass it and make it effective in the middle of the year, it might be more desirable that corporations in the Province should file and complete their returns for the whole of the year 1952, and that such a provision as this would be effective at the end of the year, say on the 1st of January 1953. I move therefore,

that this section 7 be struck out, and that the sections following be renumbered so that section 8 becomes section 7, and so on.

Motion agreed to.

Section 7 (formerly 8) agreed to.

On Section 8 (formerly 9):

MR. NIXON: Are we collecting taxes now on premiums?

HON. MR. FROST: Yes, we are. I can give my honourable friend particulars. At the present time we are collecting in premiums, taxes and premiums from life insurance companies, $3,261,479.51; fire insurance companies, $1,391,454.07; and other insurance, $1,969,460.93, making a total of $6,622,000. That is in the classification of special taxes which I referred to the other day.

(B-1 follows)

Section 10, now 9; Section 11 (now 10; Section 12 (now 11); Section 13 (now 12) agreed to.

MR. A. K. ROBERTS (St. Patrick): Mr. Chairman, with regard to Sections 12 and 13, there is a point with respect to individual responsibility to which I think the hon. Attorney General would welcome attention being drawn. I am not suggesting an amendment, but it seems to me in subsection (4), where the owner is known and his residence is known --

HON. MR. FROST: I think the hon. member (Mr. Roberts) is on the wrong Bill. We are discussing the Corporation Tax Act.

THE CHAIRMAN: Section 12 (now 11); Section 13 (now 12); Section 14 (now 13) agreed to.

On the Schedule.

MR. ROBERTS: Mr. Chairman, I think I am on the right Bill this time. We are now dealing with Bill No. 2.

HON. MR. FROST: That is right.

MR. ROBERTS: With respect to the Schedule, I want to draw the attention of this House, Mr. Chairman, to the fact that the style of cause of the Schedule is more strict than ever passed this Legislature with the following parties named, in 1942.

section 1c, row 2: Question 11 (row 10);
question 12 (row 11); Section 13 (row 16) agreed so.

Mr. A. L. MOSKOWITZ (Dr. Sikkink): Mr.
Chairman, with regard to Questions 16 and 17,
there is a point that concerns me ideologically regarding
activity to which I belong the non. Government operated
small business administration loans dealer. I am not
questioning the soundness, but it needs to be in
subsection (4), where the credit is taken and why
interest is added in.

Mr. Chairman: I think the hon. member
(Mr. Moskowitz) is on the right track. We are
interpreting the composition of the act.

The Chairman: Section 16 (row 11);
section 17 (row 10) section 18 (row 2) agreed
to.

In the aggregate.

Mr. MOSKOWITZ: Mr. Chairman, I think I
got on the right half-track again. We are now
talking 1/10 half-per c.

Mr. The Minister: That is right.

Mr. MOSKOWITZ: With respect to the
industry I want to come the reasonable of half
from the Chairman, so I do that but the right
of right of the Moskowitz is more affable than
that caused that difficulty with the Schlumbing
auditing method in 1960.

"The Government of Canada (hereinafter called "Canada"), represented herein by the Honourable Minister of Finance, and

"The Government of Ontario (hereinafter called "the Province").

In this Act, I notice, sir, that it is strictly the "Government of Canada." The word "Dominion" perhaps for some definite purpose is left out.

I do not think that we in this province have to suffer from the same sort of inferiority complex which suggests we drop the word "Province" in our Act.

MR. WREN (Kenora): May I ask a question of the hon. Provincial Treasurer, Mr. Chairman?

THE CHAIRMAN: Yes.

MR. WREN: Would the hon. Provincial Treasurer (Mr. Frost) give us some further enlightenment on Section 14 of the agreement? What is the real reason for dealing with that special section on unemployment in this particular matter?

HON. MR. FROST: First of all, may I say to the hon. member for St. Patrick that his reference is, of course, to the Government of Canada, or the Dominion of Canada.

May I say that in dealing with the Government of Canada we have allowed them to name themselves -- to describe themselves. I do not think we should ask them to reveal themselves under the provisions of the Change of Name Act, or something of th ; sort. We have not quarrelled with them as to the description of themselves. I think that is a Federal matter, and I think this description clearly defines the meaning as the "Government of our country" or the "Government of Canada."

I gather that the hon. member (Mr. Roberts) does not disagree with the description of Ontario as the "Government of Ontario."

In every agreement which has been signed in the Province of Ontario, there has been nothing which transgresses, and you may say the"Government of Ontario" and the "Province of Ontario" are interchangeable terms, for the purpose of uniformity. I am sure he will not raise any objection to that.

Now, with regard to the question by the hon. member for Kenora (Mr. Wren); He raised a point about Section 14 of this agreement: I did explain that to the hon. member yesterday.

This provision is here to protect both

Governments. I think the hon. member (Mr.Wren) would agree that it would be completely undesirable if the Province of Ontario, by reason of entering into an agreement of this sort, even by implication, should be held liable for something, - - as we hav always contended for a number of years - - for which we should not be liable.

This provision is inserted to protect us against anything of the sort.

As far as the Federal Government is concerned, they are entitled to the same consideration, and to be in the same position.

The Federal Government is collecting unemployment insurance premiums and payments from the people of this country, industry and labour, and have an immense fund set up, and we take the position -- and we think quite rightly so -- that the question of unemployment is one, by reason of an agreement over a number of years, for the Federal Government.

Under this Act, the parties are left in the same position as they would be in if an agreement had not been signed. I think all of the provinces have adopted that same provision. This agreement covers very specific matters set out in the agreement, and there is no intention

there should be any implication that it goes beyond that.

MR. GRUMMETT: Mr. Chairman, I have listened with a great deal of attention to the explanation by the hon. Prime Minister with regard to this section. Would not the Bill have been the same if they had left Section 14 out? I cannot see why it should be written in.

This is a situation existing today between the Dominion and the Province, and why this should be written into the agreement, I cannot see unless it is that should difficulties arise in the future, both parties to the agreement, the Dominion and the Province, could refer to that section and "pass the buck" one to the other. That is the only reason I can see for including this section in the Bill.

HON. MR. FROST: I can assure you there is no such thought.

Schedule agreed to.

Bill No. 2 reported.

HON. L. M. FROST (Prime Minister): Order No. 2.

THE ST. LAWRENCE DEVELOPMENT ACT, 1952(No.2)

CLERK OF THE HOUSE: Second order; House in Committee on Bill No. 1, "The St. Lawrence

Development Act, 1952(No. 2)." Mr. Porter.

Sections 1 to 7 inclusive agreed to.

On Section 8.

MR. W. L. HOUCK (Niagara Falls): I am sorry I was out of order before. Like the hon. member for St. Patrick (Mr. Roberts),I thought you had started with Bill No. 1.

May I, Mr. Chairman, ask the Vice-Chairman of The Hydro if when they are rehabilitating the towns, they plan on setting up a regional board for that purpose.

HON. G. H. CHALLIES (Minister without Portfolio): Mr. Chairman, the hon. member (Mr. Houck) will appreciate the position the Commission finds itself in.

As I tried to explain yesterday, all we can do is to anticipate what the problems may be. We are not yet charged with any responsibility. There may be a likelihood of the United States Senate still agreeing to the agreement which is before them, which would mean that the responsibility would be still where it is now, that is, on the Dominion Government, to do all these works.

Answering the question directly, all I can say is that if the International Joint Commission approves the applications before it, if

the entity in the United States is appointed and approved, and we proceed under the Act, it is the hope of the Commission that there will be a board appointed having on it representatives of the railways, highways, the municipalities, town planning, and even planning architects, who will have control and supervision and can recommend to the Commission in regard to this whole area, in the hope that this entire area will have a project which will meet the expectations and hopes of the people in that area.

That we cannot do now. There is no money voted for it, and we are not charged with that responsibility. All we can do is to lay the foundation for planning. If we are charged with the responsibility of carrying on an orderly, planned and comprehensive advanced planning of the whole area, then we shall do the very best we can.

Sections 8 to 10 inclusive agreed to.

On Section 11.

MR. MANLEY (Stormont): Mr. Chairman, in regard to Section 11; again on the part where it says "just compensation." I am not just clear as to what this "just compensation" means.

I am thinking possibly of a retired gentleman who is living in that area, and who

probably has spent all the results of his toil in buying a house, possibly living today on an old age pension. Now, will he be re-established so that he can go on living in the position he is living in today on an old age pension, or whatever it is, or is he going to be paid the sale value of that property? That is the question I would like answered.

HON. MR. PORTER (Attorney General): Mr. Chairman, of course in all these expropriation proceedings, it is up to the board charged with the responsibility of deciding the matter, as to what "just compensation" is, under all the circumstances.

It will be quite unfair for any legislation to say that compensation should be made on some hard-bound, definite basis. It depends on many factors.

The purpose of this Act is to give the widest protection possible, and those who have to deal with these matters must take into consideration all the facts.

In some cases the replacement value may have been some bearing while in other cases it may not. In some cases "market value" might have some bearing, and in other cases, perhaps not so much so.

With the additional element in this Bill, giving the power to rehabilitate in some cases, it

seems to me that nothing could be devised which would be broader and more just than what we have done here.

To answer any question in regard to any particular case, with a view that it will be according to some hard-and-fast yardstick; it would seem to me to be not only impossible but decidedly unfair in many cases, where it might cut the other way.

Section 11 agreed to.

On Section 12.

MR. A. KELSO ROBERTS (St. Patrick): Mr. Chairman, on Section 12 of this Bill: as I said a moment ago, I would like to call the attention of the hon. Attorney General (Mr. Porter) to what seems to be not quite full protection of the rights of the individual in expropriation procedures.

I refer to subsection (4), where it says that "service may be effected on notice by registered mail."

It seems to me that should be a personal service in all cases, unless the courts should on proper matter decide that substitutional service is necessary.

HON. MR. PORTER: Mr. Chairman,

these sections, as I stated yesterday, were taken verbatim in most cases -- in this particular one, is taken verbatim from the Public Works Act. It is the procedure which has been followed for many, many years in all expropriations under the Public Works Act, and I do not know of any case where any difficulty has arisen.

MR. ROBERTS: I am not one of those who attribute any God-given goodness to large corporations, and I think every individual should be given full protection.

However, I make that only as a suggestion.

Section 12 agreed to.

On Section 13.

MR. A. KELSO ROBERTS (St. Patrick): With respect to Section 13: it says:

> "Where notice has been given by the Commission under Section 12, no claim of any kind for compensation in respect of the subject matter of the notice shall be referred to the Board unless the claim and particulars thereof have been filed with the Commission within the period specified in the notice, or within such further period as may in any case be agreed upon by the Commission."

This clearly means that if a claim is not lodged within the time limit, then unless the Commission, in its wisdom and goodness, was willing to extend the time there can be no relief. I think it should be extended so that if the Commission refuses to extend the time there is still the right to the courts to grant an extension of time.

Sections 13 and 14 agreed to.

On Section 15.

MR. MANLEY (Stormont): Mr. Chairman, in connection with Section 15 of the Bill, which reads:

> "(1) Where the Commission and the owner cannot agree upon the amount of compensation, either party may give notice in writing to the other and to the Board requiring that the amount of compensation be determined by the Board, and thereupon the Board shall be seized of the matter, which shall be proceeded with in accordance with the practice and procedure of the Board."

I would like to have it made clear in connection with the explanation of the Bill. Does the property owner have to pay the expenses of the appeal, or will they be borne by the Commission.

HON. MR. PORTER: That depends on the

circumstances of the case. If it were a completely fantastic and frivolous claim, the Board would have the power to decide who should pay the costs. That is left to the discretion of the Board in these cases.

MR. MANLEY: It is up to the Municipal Board to decide who will pay the costs?

HON. MR. FROST: The courts can always set them right if one is not satisfied, and wishes to appeal.

MR. MANLEY: Here we have an agency of government doing the work, making appraisals, and then if the people are not satisfied in the area affected they have to appeal again to another agency of the Government. That does not seem fair.

HON. MR. PORTER: What is unfair about it?

MR. MANLEY: Do not take me up wrong, Mr. Attorney General. I have not said there was anything wrong with it. I said it is a theory. We have had experience in the past, in different arbitration cases, where possibly the person in question is not satisfied with the price he is being offered for the property which is being expropriated, and yet he does weigh the balance as to what he has been offered and the expense

involved, and the time it takes for these arbitration disputes to be settled, and he takes the lesser of the two evils, and takes what he is offered, even though he is not satisfied.

HON. MR. FROST: As a matter of fact, this procedure of appeal in that respect is just the same as in all appeals, and all arbitrations and compensations for the compulsory taking, under any statute. That is a practice which has gone on ever since these matters arose. It may be, if it is desirable to change it, that we have the power to do so.

But if, on the other hand, any person should appeal without any regard whatever to costs, because the Commission would be charged with the costs, whether the appellant had any justification for an appeal or not, it would be a broad invitation to everybody to appeal on the chance that they might get a little more.

That is not the purpose of this appeal procedure. It is for the purpose of providing, where there is some reasonable ground for appeal, that a person has the opportunity to have the matter thoroughly investigated by a Board, and later by a court, if they so desire.

But they take the chance of having the costs assessed against them, as they do in any litigation, and take a chance as to what the court does in this regard.

In other similar statutes they require security for costs before the party can appeal. In this statute we have not asked for that. They have all the privileges, under this statute.

MR. WREN: May I ask the hon. Attorney General what other Government agency has the authority to hear an appeal? In one case, it is the Municipal Board. Is there any other Government agency to which an appeal may be taken?

HON. MR. PORTER: It is an appeal to the Municipal Board, and then right to the courts. Under the Public Works Act today, the appeals are limited to cases of more than $500. In this case, there is no financial minimum at all. Even if the damages were less than $500, a party would still have access to the courts. There is some question under the Public Works Act as to whether the appeal is on a matter of law only, although that matter has never come up for decision. In this case, it is on the question of the amount of compensation, or a question of law,

or the rules adopted by the Municipal Board. It is a wide-open appeal to the courts, as a final resort.

MR. WREN: Can you by-pass the Municipal Board? If a person does not want to go to any other Government agency, can he by-pass the Municipal Board and go directly to the Court of Appeal?

HON. MR. PORTER: There is no provision for that.

MR. GRUMMETT: An appeal would not place any undue burden on the applicant. He would go before the Board in his own area, and then if he felt he had been hurt, he could go to the Court of Appeal afterward.

HON. MR. FROST: That is right.

HON. MR. PORTER: As has been pointed out, strictly speaking, it is not an appeal to the Municipal Board; it is a reference to the Municipal Board, although I suppose, from the applicant's point of view, it does not make much difference.

But I cannot, for the life of me, see what objection there can be to going to a Government agency. What else can you have but a Government agency? After all, the courts are

appointed by the Government -- not this Government, but the one at Ottawa. I suppose if the Government changed you would object to going to the Appeal Court.

MR. MANLEY: Under this Bill, would they have to come to the Board here before they could go to appeal?

HON. MR. PORTER: No, the Municipal Board will sit in the districts.

MR. HOUCK: We have that in Niagara Falls, with a few cases pending.

HON. MR. DOUCETT: Is it working out satisfactorily?

MR. HOUCK: They have not been down there yet. They are coming down next month.

Sections 15 to 26 inclusive agreed to.

Bill No. 1 reported.

HON. L. M. FROST (Prime Minister): Order No. 4.

THE HIGHWAY IMPROVEMENT ACT

CLERK OF THE HOUSE: Fourth order; House in Committee on Bill No. 3, "An Act to amend the Highway Improvement Act." Mr. Doucett.

Sections 1 to 23 inclusive agreed to.

Bill No. 3 reported.

HON. L. M. FROST (Prime Minister): Mr.

[illegible] by the Government -- not this Government, but the one in France. I question if the government [illegible] which is going to the legal [illegible] court.

Mr. Adkins: Under this bill, would they [illegible] to show by the Board here values that could be in dispute?

Mr. Mr. Kinney: Yes, and that [illegible] [illegible] to [illegible].

Mr. Foley: We have had to allowed this, which I [illegible] [illegible].

Mr. Mr. Kinney: It is working [illegible] [illegible].

Mr. Foley: They have not been [illegible] [illegible]. [illegible] the [illegible] [illegible].

Motions to be [illegible] [illegible] [illegible].

Will Mr. [illegible] [illegible].

Mrs. [illegible] Mr. Moore (Iowa Chairman): Order [illegible].

THE LOCKER TRANSPORTATION ACT

Clerk of the House: [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] "An Act to amend the [illegible] [illegible]." Mr. Cooper.

Motions I am [illegible] [illegible] [illegible].

Will Mr. [illegible] [illegible].

Mrs. [illegible] Mr. Moore (Iowa Chairman): Mr.

Chairman, I move the Committee rise, report one Bill, with amendments and two Bills without amendments.

Motion agreed to.

The House resumed: (Mr. Speaker in the Chair).

MR. W. A. DOWNER (Dufferin-Simcoe): Mr. Speaker, the Committee of the Whole House begs to report two Bills without amendment, and one Bill with amendment, and moves the adoption of the report.

Motion agreed to.

HON. L. M. FROST (Prime Minister): Mr. Speaker, before I call the next order of business I think we might call the third readings of these Bills, and I would like to move third reading of Bill No. 2.

CLERK OF THE HOUSE: Order No. 1; third reading of Bill No. 2, "An Act Respecting an Agreement between the Government of Canada and the Government of Ontario for the suspension of certain Acts by Ontario," Mr. Frost.

HON. MR. FROST: Mr. Speaker, I move third reading of Bill No. 2.

Motion agreed to; third reading of the Bill.

MR. SPEAKER: Resolved that the Bill do

now pass and be intituled as in the motion.

ST. LAWRENCE DEVELOPMENT ACT, 1952 (No. 2)

CLERK OF THE HOUSE: Second order; third reading of Bill No. 1, "The St. Lawrence Development Act, 1952 (No. 2)." Mr. Porter.

HON. DANA PORTER (Attorney General): Mr. Speaker, I move third reading of Bill No. 1, "The St. Lawrence Development Act, 1952 (No. 2)."

Motion agreed to; third reading of the Bill.

MR. SPEAKER: Resolved that the Bill do now pass and be intituled as in the motion.

HON. L. M. FROST (Prime Minister): Order No. 4.

THE HIGHWAY IMPROVEMENT ACT

CLERK OF THE HOUSE: Fourth order; third reading of Bill No. 3, "An Act to amend The Highway Improvement Act." Mr. Doucett.

HON. G. H. DOUCETT (Minister of Highways): Mr. Speaker, I move third reading of Bill No. 3, "An Act to amend The Highway Improvement Act."

Motion agreed to; third reading of the Bill.

MR. SPEAKER: Resolved that the Bill do now pass and be intituled as in the motion.

HON. MR. FROST (Prime Minister): Mr. Speaker, if the hon. member for St. Andrew (Mr. Salsberg) is ready, I will call Order No. 1.

COMMITTEE OF SUPPLY

CLERK OF THE HOUSE: First order, resuming the adjourned debate on the motion that Mr. Speaker do now leave the Chair and that the House resolve itself into Committee of Supply.

MR. J. B. SALSBERG (St. Andrew): Mr. Speaker, my answer to the inquiry of the hon. Prime Minister is that I am always ready. I may sometimes be ready without notes, but ready.

Before proceeding with the completion of the remarks I began yesterday, I want to first make sure that Hansard will record that I voted against Bill No. 2, "An Act respecting an Agreement between the Government of Canada and the Government of Ontario for the suspension of certain Taxing Acts by Ontario."

My reason for voting against that, I made abundantly clear.

Now, Mr. Speaker, further, before proceeding with the final remarks I wish to make, I want to apologize to you, sir, because of a misunderstanding for which I must assume the

responsibility, at the opening of this sitting. One gets so accustomed to being on guard here that I was caught off guard, and did not quite hear the hon. Prime Minister (Mr. Frost) and thought he was calling for the motion that Mr. Speaker do now leave the Chair and the House go into Committee of Supply. That is the reason I was on my feet. Otherwise, of course, I would not have been.

With these things cleared away, I want to briefly conclude my contribution to the Budget debate of this Special Session.

The last point I want to deal with is the failure of the Government to come to the assistance of the hard-pressed municipalities, since we last met. The problems of our municipal governments are now worse than they were when we met in regular Session. The financial difficulties are more acute, and their anxiety about the coming year is far greater than it was in the past.

(C-1 follows)

responsibility, at the meeting at Abu Hilfing. I am glad my invitation to Hilfing is based on more than just I was having off guard, and did not quite know the Chief Trade Minister (Dr. Jones) and thought on the matter for the moment that Mr. Tendaye do now lives his district and the Trade in the Chamber of Hilfing. Just if not, unless I was on my feet. Secretary of Trade, I would now have been.

With these being clearly over, I wish to briefly comment in contradiction to the budget issues of this special Session.

The first point I want to call attention is the failure of the government to come to the assistance of the independent manufacturers active in this war. The problems of our manufacturing businessmen are not worse than they were when we met in regular session. The financial difficulties are more acute, and serious anxiety about the future is the greater than it was in the past.

(Mr. Salsberg)

It is not an exaggeration to say, Mr. Speaker, that unless this Government comes to the assistance of the municipal governments immediately, they will be confronted with two alternatives at the beginning of 1953. Either they will have to reduce, or to discontinue, essential services to the citizens of their respective communities, or they will be obliged to increase the tax rate. There is no escape from one of those two alternatives.

HON. MR. DUNBAR: May I ask the Honourable Member a question? He realizes that the mayors and reeves representing municipalities have asked during the past years for $5 per capita of an increase, a gift. Do they realize that $19,000,000 amounts to about $4 per capita of the Province of Ontario which they have got without asking for it at all. We all realize it is our duty to help the municipalities, and we have done so, and we are going to continue to do so.

MR. SALSBERG: That is hardly in the category of a question, and it is certainly not an answer, because the spokesmen for our municipalities have re-stated their plea time and again, regardless of the "brush-off" that the Minister of

Municipal Affairs (Mr. Dunbar) has given them every time they come to see him.

HON. MR. DUNBAR: When did I ever give them the "brush-off"? Is not my door open all the time?

MR. SALSBERG: I cannot say I am always standing around watching the Minister's door to see whether it is always open, or sometimes closed.

HON. MR. DUNBAR: I knew you were watching, but I did not know what it was for.

MR. SALSBERG: I hope the Minister of Municipal Affairs is not developing some persecutory illusions. He should be on guard; that is true.

HON. MR. DUNBAR: I was on guard.

MR. SALSBERG: But let him not develop any persecutory illusions.

HON. MR. DUNBAR: I saw you there.

MR. SALSBERG: I am not watching him or besetting him. But, Mr. Speaker, the spokesmen -- the elected municipal spokesmen -- of one hundred cities and towns of this great Province ---

HON. MR. DUNBAR: Nine hundred and sixty-two.

MR. SALSBERG: --- have stated, at a conference held since we last met, and I am quoting

from a report of the meeting of the Ontario Association of Mayors and Reeves held in Ottawa on May 31st, 1952, as reported in the Toronto Daily Star:

> "Major E. C. Sargent, Owen Sound, retiring President of the Association, told the Conference he already had made six attempts to interview the Premier, without success. The last attempt was made two weeks ago, when the Mayors and Reeves Association Executive joined in a request with the Executive of the Ontario Municipal Association for a hearing at Queen's Park."

Now, Mr. Speaker, I am sure you will agree in the light of this quotation that I am justified in saying that they are getting a "brush-off"; and if I were not so considerate of the Government I would use an even stronger term.

HON. MR. DUNBAR: The sky is the limit!

MR. SALSBERG: Now, I repeat that the elected representatives of the cities are the ones who are appealing to the Government for immediate relief to save them from doing either of these things that I mentioned before. This Provincial Government, Mr. Speaker, has a ready-made excuse

from a report of the meeting of the Ontario Association of Towns and Towns held in Ottawa on the 21st, 1924, as reported in the Toronto Daily Star:

"Mr. M. F. Gregory, Owen Sound, retiring President of the Association, said the Conference in Kingston had made his attempts to introduce his Frontier, without success. The bill which was then before the House, when the Ontario Municipal Commission—Jones in a request with the Association of the Ontario Municipal Commission for a hearing on Jones's Plan."

Now, Mr. Speaker, I do hope you will agree in the light of this quotation that I am justified in saying they are asking a "Roundabout"; and if I were not in consideration of the Government I would say, or even stronger than.

MR. M. SHAW: You say it has lost:

MR. SPEAKER: Now, I would ask the Honourable Minister of the Crown who are opposing to the Government the Resolution relief to have them from using either of these things that I mentioned before. This Provincial Government, Mr. Speaker, has a provincial unique

since last year for rejecting the demands of the municipalities, and that ready-made excuse is ---

HON. MR. DUNBAR: Nineteen million dollars.

MR. SALSBERG: Don't worry; I will come to your $19,000,000. That ready-made excuse is that they have a municipal-provincial fiscal relations committee that is studying the whole problem; and, when pressed, the Prime Minister (Hon. Mr. Frost) issues a statement -- although he is unapproachable to the mayors and reeves, as you have heard -- to the effect that he has a committee studying provincial-municipal financial relations, bye-and-bye they will come up with recommendations, and everything will be well. Mr. Speaker, I suggest that that committee is working with tremendous slowness, as an excuse for the Government doing nothing for the municipalities.

Then His Worship the Mayor of Toronto, who is well informed on this problem, because he is very hard-pressed, says, in a letter dated October 22nd -- that is yesterday:

> "When appearing before the Committee last week it was intimated that their studies of this important question might not be completed for several years, and it was not likely that interim reports

"and recommendations would be made to the Government."

Now, Mr. Speaker, that is a fine how-d'ye-do. The Government does not have to do anything because they have a committee studying the problem. The committee studying the problem will continue to study it for years; they are not likely to bring in an interim report; and in the meantime the municipalities are left without aid. And serious this problem is, as was made clear by the Mayor of Toronto in a brief.

HON. MR. DUNBAR: Would you mind if I interjected?

MR. SALSBERG: I will allow the Minister to have his say when I am through, if he doesn't mind.

HON. MR. DUNBAR: Would you mind my giving you the Mayor's words? Would you listen to the Mayor's words?

MR. SALSBERG: I was quoting the Mayor.

HON. MR. DUNBAR: And I am quoting the Mayor, too.

MR. SALSBERG: I ask the Minister of Municipal Affairs not to get himself rattled so early in the discussion.

HON. MR. DUNBAR: I am quoting the Mayor's words here.

MR. SALSBERG: The Minister never fails to get himself rattled, and he insists on doing it at the outset. Let him wait. He will have all the usual opportunities.

HON. MR. DUNBAR: Would you ---

MR. SALSBERG: In the meantime, I am speaking, and I am quoting the Mayor.

HON. MR. DUNBAR: Well, I am quoting the Mayor.

MR. SALSBERG: I will not allow the Minister to quote the Mayor against the Mayor.

HON. MR. DUNBAR: He says the Government is very fair. I repeat, the Mayor says the Government is very fair.

MR. SALSBERG: I do not think we should make it harder than it is for Hansard. The Mayor, in the supplementary brief which he presented to the Municipal-Provincial Fiscal Relations Committee on behalf of the City of Toronto a few days ago, and copies of which have been provided for every Member of this Legislature who comes from a Toronto riding, points out:

"The City is unable to afford the services it should provide and the highways and buildings it should construct."

That is the way the matter stands in the City of Toronto in this fall of 1952.

HON. MR. DUNBAR: Will you, still, listen to the Mayor's words?

MR. SALSBERG: I don't mind the Minister making an exhibition of himself.

HON. MR. DUNBAR: Will you let me quote the Mayor's words?

MR. SALSBURG: But I do appeal to him to realize that we are dealing with very grave matters, ---

HON. MR. DUNBAR: I want to put ---

MR. SALSBERG: --- and enough is enough.

HON.MR. DUNBAR: --- and I want to quote the Mayor's words.

MR. SALSBERG: If the Minister is so anxious to quote the Mayor he will get his chance to quote him, but he would do more if he were to get up in due time and announce, as Minister of Municipal Affairs, that you are going to help the municipalities, than you do by finding quotations

to cover up your inaction and your failure to help the municipalities.

HON. MR. DUNBAR: We do not have to broadcast. We are doing it, and they are appreciating it. We do not have to holler from the tree-tops. We are doing it.

MR. SALSBERG: The Mayor gives in this document

HON. MR. DUNBAR: What document are you quoting from?

MR. SALSBERG: --- the taxation figures up to 1952. It is very interesting to note, Mr. Speaker, that in 1952 the taxes collected in Toronto from property were almost $49,000,000, while the tax from business was only $9½ million. That is sufficient proof that the burden of increased taxation falls in the main upon the home-owner and the section of the people that can least afford to bear additional municipal tax burdens.

I am not going to read much of this document, though I think every Honourable Member of this Legislature would do well to study it. But it points out that the City of Toronto, as did all the municipal governments of this Province, asked for relief, first from many of the social services which are really not the responsibility

of the City, and he gives the figures of this expenditure. In Toronto last year it amounted to close to $9,000,000. He asks that the municipality be relieved of relief costs. I think that request should be granted. He also asks that the municipality be helped as far as costs of education are concerned. The City of Toronto is given very shabby treatment by this Government, especially in regard to educational costs, -- and "shabby" is a mild term. This Government and its predecessors promised 50 per cent of the cost of education to every municipality. Toronto is getting less than 15 per cent now, and of course this means millions of taxes on the home-owner. Now I say, Mr. Speaker, that a crisis in municipal financing is on us now, and not only in Toronto, and not at some distant date, and therefore if any help is to be given to the municipalities and to the home-owners for 1953 that help must be given now. That is the point. The 1953 tax rate will be determined, in Toronto and elsewhere, before we meet for the regular 1953 session. If we are going to give them any help we should give them the help now.

HON. MR. DUNBAR: It never has been

decided in the past before March 31.

MR. SALSBERG: For the information of the Minister of Municipal Affairs, who is falling behind in his knowledge of municipal affairs ---

HON. MR. DUNBAR: Not behind at all.

MR. SALSBERG: --- the City of Toronto has changed its election date, and instead of having elections in January it now has them on the last Monday in December, and the new Council gets down to the tax problem right away.

SOME HON. MEMBERS: No, no.

MR. COLLINGS (Beaches): The Member should know that the inaugural meeting of the Council is no earlier now than it ever was.

MR. SALSBERG: But it is a fact that the Council is coming to grips with the tax problem, with estimates, immediately after the first meeting. Every member who has been a member of the Council knows that. And I say, Mr. Speaker, that the time to help is now, and this Government should use this session to announce what it is prepared to do to relieve home-owners of an additional tax burden in the coming year, or the municipal governments of the obligation to curtail essential services.

The question of ability to help no longer exists. If in the past this Provincial Government could argue that they had not the funds to give all that they were asked to give, that argument no longer exists. We are now about to deal with supplementary estimates for $20,000,000 for highway purposes.

HON. MR. DUNBAR: May I ask a question?

MR. SALSBERG: I have no objection to the provision of funds ---

HON. MR. DUNBAR: I want to ask a straight question.

MR. SALSBERG: --- for our highway needs. But I say that if this Government could find the extra $20,000,000 for highways, then it could find the extra money required to save the municipalities from getting into the red even worse than they have been until now. You know, he spoke in the spring about the 5 per cent personal income tax if we could only collect it. I do not want to repeat what I said about it a couple of days ago. The Leader of the Opposition (Mr. Oliver) has mentioned, as have other speakers from this corner of the House, that you have a melon, and there is no excuse for not cutting a slice of it for the

municipalities. The Leader of the Official Opposition quoted something from what the Premier said in Parliament, and the Premier was amazed and said "Did I say that?". Well, of course he said that, and much more. He will not question the accuracy of a quotation from him in the "Telegram". The "Telegram" says:

> "Mr. Frost remarked ---"
>
> When speaking about the $20,000,000.
>
> "--- that this is a lot of money, and that amount should be paid to us by Ottawa. Then we could help our municipalities and do some of these other things."

And in another place, in a session of Parliament, the Premier is quoted, on page BB-7 of April 10, 1952, as saying:

> "If this were done, it would enable us to recognize, very much to their benefit, some of the problems of the municipalities."

Well, Mr. Speaker, the Premier is now getting it, and I ask him why he does not recognize some of the problems of the municipalities in a manner that would benefit them very much, as he promised he would do in

Parliament.

MR. COLLINGS: When does the agreement come into effect with the Dominion?

MR. SALSBERG: I say there is nothing to stop the Premier and his Government from now saying "We are going to get it next year; we are going to give the City of Toronto and the other municipalities at least the $5 per capita they are asking as temporary but immediate assistance."

HON. MR. DUNBAR: On top of what they got this year?

MR. SALSBERG: There is nothing to stop this Government from doing that for 1953. That would enable the City Governments, including the City Government of Toronto, to spend for 1953 in a manner that would not only keep the present tax level from rising, but reduce it somewhat.

Now, it is not only what the Premier has said; it is what the other Toronto Members, and indeed all Members of this House, have said. I do not want to be hard on my colleagues from Toronto, but let us face the facts. During election time Conservative candidates used as one of their means of gathering votes, that if elected they would be on the Government side and

get extras, ---

MR. COLLINGS: And have we not given extras?

MR. SALSBERG: --- because what can a Member of the Opposition do? So I tell you, now is your time.

HON. MR. DUNBAR: You can speak, anyhow.

MR. SALSBERG: So I tell you, now is your chance to do what you promised the citizens of this city in election time. You are on the Government side. All the Members from Greater Toronto, except myself, are supporters of the Government, and I say to you, Members from all the ridings of Greater Toronto, "now is the time to stand up and be counted. You promised the people that you as Government supporters would get action. Get the action. Some of you -- some, not all -- have displayed admirable independence of thinking on this question in the spring session." A few Members, back benchers from Toronto and elsewhere, spoke very clearly about the need for helping the municipalities. That was very nice, but it was done when we were arguing about getting the 5 per cent from Ottawa. The time to repeat those speeches is now, Mr. Member for Riverdale (Mr. Macaulay).

MR. LYONS (Sault Ste. Marie): We don't get a chance.

MR. SALSBERG: The time to do that is now.

MR. COLLINGS: Who can speak? You won't even answer questions.

MR. SALSBERG: The Honourable Member knows very well that Mr. Speaker was about to close this debate, and nobody got up. Why did no one get up?

HON. MR. DUNBAR: Will you answer a question?

MR. SALSBERG: Because now the shoe is on the other foot. Now you can't go after Ottawa; you have to go after your own Government. I appeal to you, to all of you, let us not be partisan about this question. Let us throw partisanship aside. Whether we are supporters of the Conservative, the Liberal or the C.C.F. parties in this House, let us all get together on what is so vitally important for our city. The money is here. All that is necessary is that the Government have the will, the desire to act; and I think that if we spoke together on this question we could save the taxpayer of Toronto

an additional burden that he can ill afford to bear. Let us do it.

There are a few things we can do at this session to help the taxpayer in 1953, and I would list three of them.

First, that the Government give the municipalities the $5.00 per capita grant immediately, as is demanded by all of the municipal governments of this Province, as a temporary relief.

Second, that we increase the education grants to all the municipalities to at least the 50 per cent that the Government promised them. For Toronto that would be a Godsend. Fifty per cent would mean 35½ per cent more than they are getting now, and taxes on little homes would go down proportionately.

Third, that the Government undertake through the proper conferences to come to an immediate solution of the question of provincial-municipal finance.

I think those are modest things to ask for.

In conclusion, Mr. Speaker, from my viewpoint we cannot vote for the motion which is

now before the House, for you to leave the Chair and for us to go in Committee of Supply and vote the amounts that are before us, if we fail to include in the list of supply amounts to help our municipalities. I have an amendment to the motion which reads as follows:

"That this motion now before the House be amended by adding thereto the following words: ---"

MR. SPEAKER: The motion must have a seconder.

MR. SALSBERG: Mr. Speaker, do you rule that I cannot read the motion I have in my hands ---

MR. SPEAKER: It must be moved and seconded.

MR. SALSBERG: --- without a seconder?

(D-1 follows)

MR. SALSBERG: I wanted to read it, and then appeal for a seconder --

MR. SPEAKER: Order, please.

MR. SALSBERG: All right, I will not read it. I bow to your ruling.

MR. SPEAKER: I think the hon. member (Mr.Salsberg) knows as well as I do that the wording in presenting a motion or an amendment must be, "I move, seconded by so-and-so". The hon. member (Mr. Salsberg) is now trying to read an amendment, without having obtained a seconder. Let us be fair. I think I have been very lenient. But I cannot accept an amendment, unless the mover has a seconder. I am sure the hon. member (Mr. Salsberg) does not want to transgress the rules.

MR. SALSBERG: Mr. Speaker, I cannot quite understand that ruling. I know you want to be fair with me, as you have been during the years you have occupied your important position. If any doubt arises, I bow to your opinion.

But I want to conclude by saying that, in my opinion, it is impossible, if we are mindful of the urgency of the situation in our municipalities, to vote for a motion, without having an amendment to it, that would express our regrets at the failure of the Government to provide adequately out of its ample funds for the municipalities.

That is my opinion, and will give this hon. House an idea for an amendment, and I appeal to the hon. members for the Toronto ridings, and, in fact, to the hon. members from every municipality, to have the honour of moving such an amendment, if they can get a seconder, or, if they wish, to rise now and throw partisanship by the wayside, and I will be ready to second it. For that, I shall be very thankful.

But I see no one jumping to his feet, even from the Opposition benches, which hurts me more than the failure for some hon. member on the Government side to arise to his feet.

At any rate, Mr. Speaker, that is my feeling, and I would have been remiss in my duty, as I see it, not to have expressed my feelings to the House, and to the Government.

HON. GEORGE H. DUNBAR (Minister of Municipal Affairs): Mr. Speaker, I hardly think it is worth while for me to say anything, after the hon. member for St. Andrew (Mr. Salsberg) made such a wonderful speech which does not mean anything at all. How can he say that, when the Mayor of the City of Toronto made a statement, in the following terms:

"The City appreciates that over the years it has been relieved of a number of expenditures

which it was compelled by statute to make and it has been greatly aided through Provincial grants to hospitals, to education, for highway improvement and for police and fire prevention. At the last session of the Legislature, provision was made for municip alities to receive from public utilities amounts equivalent to taxes and The Municipal Tax Assistance Act was passed to permit the province to pay amounts in lieu of taxes on lands and buildings of the Government and its Crown Companies."

May I say, Mr. Speaker, that never was such legislation put forward in the Dominion of Canada by any province.

SOME hon. MEMBERS: Hear, hear!

HON. MR. DUNBAR: The Mayor of Toronto acknowledges it, and I have quoted his own words as delivered to the mayors and reeves.

MR. A. H. COWLING (High Park): Mr. Speaker, I would like to say at the beginning, as one of the members for a Toronto riding, that I am very interested and concerned in the plight of the tax payers, but, at the same time, I am convinced our Government is doing something about it to-day, has done something in

the past, and will continue to do something in the future.

At the same time, Mr. Speaker, I just hate to think that-- and I say this with my tongue in my cheek -- the hon. member for St. Andrew (Mr. Salsberg) is speaking for every Toronto member of Parliament.

This is an old dodge, which has been going on down at our Toronto City Council for years. Always at a time when people are discussing municipal taxes, the Communists make an appearance. It is as regular as the first fall of snow, and about as cold.

They go on at a great rate about the increases in taxes, which are inevitable and what they would do, Mr. Speaker, if they had the opportunity.

At one time they had the opportunity, but thank goodness, they have not had the opportunity lately, and I think the possibilities are very remote they ever will have again.

But the thing I cannot get through my mind, Mr. Speaker, is when someone who follows the red line of thought, gets on his feet and discusses something about which we are all concerned, something about which the Government is at present doing something, and then tries to give the impression that we are falling away behind, that we are doing nothing to relieve the local tax payers, and, if his group had anything to do with it,

for that, commercial airlines to be operating in increasing numbers.

At the same time, Mr. Speaker, I just want to draw attention I may make with my tongue in my cheek -- but then, maybe not Mr. Speaker (Mr. Salverson) is proposing the very latest model of Parliament.

This is an old house, which has been going up and down at our throats ever since. Always at a time when people are discussing municipal taxes, the opportunity does not appear. It is a shame to the first fall of snow, and about to end.

They do not at a great rate about the increases in taxes, which are inevitable and just they would do, Mr. Speaker, if they had the opportunity.

At one time there had the opportunity, for some months, they have not had the opportunity to vote, but I think the possibilities are very remote that they will ever again.

The one thing I cannot but regard as being, Mr. Speaker, a man who has taken the rule of thumbs, gone on his feet and discussing possible good which we are all concerned, concerning what this Government is at present doing something, and then tries to give the impression that we are failing in nothing, that we are doing nothing to relieve the local tax payers. And if his group had nothing to do with it,

they would give five times as much. To me, it just does not make sense.

In the last Provincial election, back in November, I think the results indicated the over-all feeling of at least the majority of the people in the Toronto area, and they must have felt at that time that the Government of the day was doing a fine job.

Now, Mr. Speaker, all the hon. member (Mr. Salsberg) is doing, is to re-hash old matters, Mr. Speaker, I get sick and tired sitting here during a session of this kind, when we are called together to discuss matters of great importance, and concerning which there is general agreement amongst all parties in the House, with the exception of one -- I hesitate to call it a "Party" -- who takes up time, time, time -- important time -- re-hashing and talking about things of which everyone is fully aware, in most cases knowing that the Government is at the present time doing something about it.

I had the pleasure last night, Mr. Speaker, of addressing a group in the High Park riding, and giving them a report of the procedure here, so far. Mind you, they were not all supporters of the Government; they did not all vote for me in the last election, but I hope and trust they will do so in the next.

But, at the same time, I could not help

bringing it to their attention, and we all agreed, regardless of party -- upon the inconvenience caused by the line of chatter put on down here by the one sole Communist.

SOME hon. MEMBERS: Hear, hear!

MR. COWLING: It is wonderful, Mr. Speaker, in this free country of ours that we permit this sort of thing. Where else could you go and have that happen? We cannot get away from it here. Everybody sits and listens and has to take it in.

Mr. Speaker, in reference to our Toronto City Council, and our present Mayor of the City of Toronto, I think I can speak with a little closer association than the hon. member for St. Andrew (Mr. Salsberg). I have been there for some time, and I know the problems of our City, and when he says that the municipalities are having difficult times and attacks our Government, and our hon. Prime Minister (Mr. Frost) and our hon. Minister of Municipal Affairs (Mr. Dunbar) he is wrong -- he is very, very definitely wrong. Because I know even as far back as some weeks ago --

MR. SALSBERG: Will the hon. member (Mr.Cowling) permit a question?

MR. COWLING: Will you sit down?

MR. SPEAKER: Order!

MR. SALSBERG: I would like to ask a question.

MR. SPEAKER: Order!

MR. COWLING: I can talk louder and longer than you can.

MR. SALSBERG: I do not doubt that.

MR. SPEAKER: Order!

MR. COWLING: Mr. Speaker, I was speaking to our Mayor, and when doing so, he pointed out the very friendly relationship between the Council of the City of Toronto and our Government here at Queen's Park, and the fact that the doors are open both ways for discussions, for the mutual advantage of the people. That is going on to-day.

I know, in saying that, that I would have the concurrence of our present Mayor, and the Board of Control.

So what the hon. member (Mr.Salsberg) has said is simply "eye-wash".

I could not let this opportunity go by, Mr. Speaker, without expressing myself and giving the slant of the people I represent. I cannot speak on behalf of any of the other hon. members.. They can rise and speak for themselves, if they see fit.

But I wanted to say that the people in my riding, and the people who voted for me, feel that our Government is doing a good job, they are not closing

any doors, but are taking a forward look, in every way possible, to ascertain in what way the Government of the province of Ontario can assist all the municipalities.

SOME hon. MEMBERS: Hear, hear!

MR. W. K. WARRENDER (Hamilton Centre): Mr. Speaker, I would like to say just a few words.

The hon. member for St. Andrew (Mr. Salsberg) and the hon. member for Ontario (Mr. Thomas) in the last few days, referred to my address of last April, when I think I used the expression "the melon", referring to some 19 million or 20 million dollars which should come from the personal income tax, should this agreement go through. I think it is true, that I did use that expression.

At this time, all of us -- whether on the Opposition benches or the Government benches -- are trying to get a little more for our municipalities which we have the honour to represent.

But when we have these hon. members (Mr.Salsberg and Mr. Thomas) making this statement, may I say that I am quite content when this money comes to the hon. Provincial Treasurer (Mr. Frost), -- as I know the other hon. Government members must be -- to leave it to the wisdom of the hon. Prime Minister, and his colleagues to decide how that money can best be spent.

[illegible] [illegible] [illegible] [

It is all very well for an hon. member of the Opposition and the lone hon. member of a certain so-called party, to utter these remarks in public for propaganda purposes, but we have here a Government which reviews the whole situation, and then decides where best the money is going to be spent, and as I say, I am quite content to leave it to their wisdom, after reviewing the whole picture, to decide where the money will be spent, even though I may have used the expression "let us cut the melon and pass it around".

MR. C. H. LYONS (Sault Ste. Marie): Mr. Speaker, rather than criticise the hon. member for St. Andrew (Mr. Salsberg) for his speech, I would like to commend him. I would really like to compliment him for his particular type of verbosity, which he used in his statements. After all, he was able to do what neither the Government nor the official Opposition could do, that is, he was able to reduce the membership of the Labor-Progressive Party in this House to one.

SOME hon. MEMBERS: Oh! oh!

MR. G. C. WARDROPE (Port Arthur): Mr. Speaker, may I say one word?

I do want to make some mention of the excellent work the hon. Minister of Highways (Mr. Doucett) has done in regard to the roads in my district and in Northern Ontario. I want to say that, before the

It is all very well for an hon. member of the Opposition and the hon. member of a certain secondary party, to allow their remarks to appear in public for [illegible] purposes, but we have got a Government which reviews the whole situation, and when decisions have been made it is going to be absurd, and it is, I am quite amazed at their it so lacks wisdom, like criticizing the whole process, to realize where the [illegible] is about, even though I am [illegible] used the expression "let us put the cart before the horse".

Mr. D. S. [illegible] (Essex [illegible]): Mr. Speaker, rather than [illegible] the hon. member for St. Andrew (Mr. Rowberg) for his remarks, I would like to answer him. I would really like to mention this to his predecessor who of necessity, should be used in his research. After all, we can also be [illegible] neither the Government nor the official Opposition [illegible] do, that is, is not both to [illegible] the [illegible] of the labor-improvement funds in this house, is one.

Hon. [illegible]: Yes! Oh!

Mr. D. S. [illegible] (Essex [illegible]): No.

Further, may I say one word?

I do want to make [illegible] in the excellent [illegible] the hon. Minister of Industry (Mr. Brown), but does in regard to the [illegible] in Toronto and in Northern Ontario. I want to see [illegible] the

House adjourns.

During the last Session, he was unfortunately prevented from being here due to a serious accident, but never in the history of the province -- and I am sure I speak for my colleagues, the hon. member for Fort William (Mr. Mapledoram) and the hon. member for Kenora (Mr. Wren) when I say that never in the history of this province have the roads been in as good a condition in the northern part of this province, as they are to-day. I want to thank the hon. Minister (Mr. Doucett) publicly for that, and to say that I am sure he will hear later from those who are so pleased with the condition of the highways.

I do want to say how pleased I am to see him once again, rapidly being restored to health.

Another thing I want to mention, Mr. Speaker, and that is the pleasure -- the personal pleasure -- I had at the recent popular selection of my friend, the hon. member for Cochrane North (Hon. Mr. Kelly) upon his appointment as Minister of Mines. Not only am I a friend of his politically, but I am also a very personal friend of his, and I know, as I am sure you all do, that he will do a wonderful job in his new position.

I just wanted to say how pleased I am, as I am sure all the hon. members are, at his appointment.

those elections.

During the week October, we met unfortunately
[illegible] this being due to a serious accident,
one member in the history of the [illegible] -- and I am
sure I speak for my colleagues, the Gen. Member for
Saint [illegible] (Mr. [illegible]) and the Gen. Member for
Lunenburg (Mr. [illegible]) when I say that sorrow is the history
of this [illegible] when the [illegible] been in so good a
condition in the [illegible] year in this province, as
they are [illegible]. I rise to thank the Gen. Minister
(Mr. [illegible]) [illegible] for, and to say that I do
more in [illegible] from those who are so [illegible]
with the [illegible] of the [illegible].

I do [illegible] in the [illegible] I do to see [illegible]
[illegible] service, [illegible] [illegible] to [illegible].

Another thing I want to [illegible], Mr. [illegible],
and that is the [illegible] -- [illegible] [illegible] --
I had at [illegible] [illegible] [illegible] [illegible], the
[illegible] [illegible] [illegible] [illegible] (Gen. Mr. [illegible]) [illegible]
[illegible] [illegible] [illegible] [illegible]. [illegible] [illegible] I
a friend of [illegible] [illegible], [illegible] I [illegible] [illegible] [illegible]
[illegible] [illegible] [illegible], [illegible] I [illegible], [illegible] I [illegible] [illegible] [illegible]
[illegible], [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible].

I [illegible] [illegible] [illegible] [illegible] I [illegible] [illegible] I
[illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible].

SOME hon. MEMBERS: Hear, hear!

MR. W. G. BEECH (South York): Mr. Speaker, as the member for South York, I would like to say how sorry I am that the hon. member for St. Andrew (Mr. Salsberg) did not take advantage of the opportunity to be with us this morning , when he would have heard the Council of York South speak nothing but praise and appreciation for the encouragement they have received from this Government.

MR. J. B. SALSBERG (St. Andrew): I am sorry to have to reply --

MR. SPEAKER: I think the hon. member (Mr. Salsberg) has had his turn in this debate.

MR. ALBERT WREN (Kenora): Mr. Speaker, in the concluding portion of this debate, I, too, want to reiterate something which the hon. member for Port Arthur (Mr. Wardrope) has said, that we are very pleased in the North at the interest which has been taken in us by the Highways Department.

The hon. member from Port Arthur (Mr. Wardrope) and I are not particularly colleagues, but we have one similarity, we are both white. I, too, am pleased to see the hon. Minister of Highways (Mr. Doucett) back at his desk, and that by now we will soon have available the opportunity of discussing the problems of my riding with him.

I was pleased too, when the hon. Prime Minister (Mr. Frost) selected another northerner to assume the important post in the Cabinet, in the person of the present hon. Minister of Mines (Mr. Kelly). We, in the North, still think our representation in the Cabinet is not large enough, but we feel with this recent appointment, we are advancing somewhat toward that end.

Yesterday, the hon. Prime Minister (Mr. Frost) questioned my remark concerning access roads, and of the section of the proposals of 1945 and 1946, in which this matter was mentioned.

I might mention that it is contained in the report of the Plenary session, No. 1, of Monday, August 6th, 1945, at page 81. I have written to Ottawa for some additional copies of that report, and will be very pleased to send one to the hon. Prime Minister.

I might point out that the proposal made with regard to access roads was not necessarily a timing grant, or timing proposal. It was clearly outlined in this Plenary session, that these access roads were going to be used as weapons against a possible depression and recession. In other words, the access roads could be built into areas where, if unemployment or recession ever developed, --

HON. L. M. FROST: That situation has never

arisen. We built the road into Red Lake, and we would have been very glad to have the Federal Government pay one half of the cost. We have also built roads into several places, or are building them at the present time.

The Federal Government says, "We are asking you to curtail in every reasonable way, all public works", which we have done.

I would say that the moment any recessional condition in this country arises, we will certainly ask the Federal Government to assist us.

MR. WREN (Kenora): The point I was trying to make yesterday was if this proposal had been accepted --

MR. SPEAKER: I do not want to be too strict in the observance of the rules, I think the hon. member has already referred to the source of his information, and I do not think we should re-discuss this whole situation, because I think the hon. member (Mr. Wren) gave a very full explanation yesterday.

It was discussed fully, and the hon. member (Mr. Wren) has already given the information, which I was glad to accept, but I do not think we need to do it again to-day.

MR. WREN: I will bow to your ruling on that.

However, I do want to make some observations in this debate.

Quite frankly, I am a bit concerned that some of

[illegible]

[illegible] Salt Lake, and we would [illegible] like to have the Federal Government [illegible] part of the cost. We have also built some [illegible] parks, or a building there at the present time.

The Federal Government says, "We are adding you to [illegible] in every telephone [illegible], all public works", which we have done.

I would say that the normal and reasonable condition in this country exists, we will be happy [illegible] the Federal Government is ready to.

MR. [illegible] (Louisiana): The point I was trying to make yesterday was if this proposed law been enacted --

MR. [illegible]: I do not want to be too [illegible] in the consequence of the votes, I notice the [illegible] member has already referred to the author of this legislation, and I do not think we should [illegible] this whole situation, because I think the [illegible] (Mr. [illegible]) made a very fine explanation yesterday.

It was discussed fully, and the [illegible] (Mr. [illegible]) already gave the information, which I was [illegible] to accept, but I do not think we will do it [illegible] today.

MR. [illegible]: I will [illegible] to [illegible] on that. However, I am [illegible] to make some [illegible] which [illegible] said [illegible].

[illegible] (Ohio), I am [illegible] understand that [illegible]

these discussions which have taken place, concerning municipal taxes are held in a rather jocular fashion.

I happen to have been very closely associated with municipalities and municipal organizations, practically all of my working life, and I have some rather intimate knowledge of some of their problems. And it is surprising to me, Mr. Speaker, -- I admit that I am young, and have a great deal to learn and am a new member in the House, but it is surprising to me that many of the hon. members of this House will discuss this question in the corridors, and will maintain that something should be done for the municipalities, and it has even been suggested to me by several hon. members of the House that certainly some official statement should have accompanied the presentation of the Bill to enter into an agreement with the Dominion with respect to further relief for municipalities.

It is a tragic thing that these hon. members cannot bring forward their own opinions on this subject, regardless of party, and contribute their opinions to this debate.

I will express just a few opinions on statistics which are available in the very excellent report received from the Department of Municipal Affairs, I have the reports from most of the Canadian provinces, and I think I can safely say that the annual report of

the Department of Municipal Affairs is one of the best -- if not the best -- report you can find anywhere in Canada, in regard to municipal finances. I would certainly recommend to all hon. members of this House that if they have not a copy, they should obtain one and make an exhaustive study of this particular and important problem.

From a perusal of these figures made available to us, we can find that while it demonstrates that we have made a great stride in steadily assisting municipalities, we have done no more than maintain more or less an even keel. Actually, the cost to the local taxpayers over the years has increased rather than diminished, through the application of grants in general fields, such as that of education.

From this record, you will find that in the field of education, the municipal tax stood at 11.59 per capita in 1926, and stands at 19.73 per capital at the end of 1951. The low point of 9.55 was reached in 1945 but since that time the levy at the local level has steadily risen. In 1926, education represented 33.4% of the total municipal budget and in 1951 represented 37.7% of the total budget. Thus is can be shown that despite increased subsidies we have done no more than maintain a near proportion and it has cost the municipal taxpayer a little more every

year until the present highs were reached.

The same scale holds true in general expenditures -- a per capita rate in 1926 of $23.14 increases to $32.54 in 1951. It does reveal careful local Government for there is no doubt of the increased efficiency of all departments of local government in those 24 years.

Graphs will show that the cost of general government and the cost of education in municipalities has followed a pattern parelleling the rising cost of living over the years.

These subsidies, however welcome, therefore, have not reduced costs to homeowners but have actually failed to keep costs in line.

There is certainly a limit to the taxation which real estate can bear and from extensive statistics over the years it is now possible to determine what it does cost, in an average way, to maintain necessary municipal services.

I must confess, Mr. Speaker, that I sometimes marvel when I hear the complaints regarding taxes.

I have a home, for instance, which is assessed for just about $3,000. and I pay an annual tax in the neighborhood of $314. or $315. a year. One of the high officials of the Ontario Government -- and this is no reflection on him -- has a very fine home in one of

the adjacent townships, which I would suspect cost him somewhere in the neighborhood of $25,000., according to present-day real estate values, and I was very chagrined to have a peek at his tax bill, which amounted to a little bit more than $91.00, I think it was $91.51.

Thus the difference between the funds required and the individual ability to pay should be met fully by subsidy or by other sources of revenue. The delay in submitting an interim report of the Provincial-Municipal Committee indicates clearly that the problem is a serious one and that progress in reporting any conclusions will be further delayed.

As I mentioned at the outset, if some practical approach to municipal finances will show the difficulties, when the hon. member for St. Andrew (Mr. Salsberg) suggests it might go on for years, I am inclined to agree with him, but not with the same idea in mind.

It will take many years to establish any permanent basis of relationship between the municipality and the province and the city, but I think the third reading and passing of this Bill to-day for the signing of the agreement, was the first step in that direction.

When the hon. Prime Minister (Mr. Frost) said that an agreement of this kind was only a "stop gap", I can only think, looking ahead thirty years or forty

years, the only way we will maintain national stability in all levels of Government, be it Federal, provincial or local, is through agreements of this kind, and improvements in them. Certainly going back to a condition of isolationism, will not help in any way to solve our problem. The municipalities of Ontario, therefore, feel since this agreement has been made, they deserve an immediate statement of policy, so that it can be placed before the officials in each council, when preparing for the 1953 expenditures. Otherwise, you are going to ask the mayors and reeves and councils of Ontario to make an impossible explanation to their own ratepayers, an explanation which should, in the first instance, have been made by this Government.

I think it is a betrayal of trust to the many hundreds of mayors, reeves and councillors, and elected officials who, for the most part, give of their time to their communities. There are very few in the 1950-odd municipalities in this province who get pay anywhere in line with their ability, and certainly many of them get nothing at all.

I think it is a betrayal of trust on our part, if we do not tell the Mayors and Reeves Association, the Ontario Municipal Association, the Northwestern Ontario Municipal Association, and others, that we are, or are not, going to make a temporary grant to them

of, say, $5.00 per capita, or what other yardstick may be used, either by them or the Government itself.

I think these people should be told now, because I know there are many hundred of municipally elected officials to-day who are anxiously awaiting some word from Toronto, that something is going to be done in the way of relief for their costs of government.

Therefore, Mr. Speaker, I do not think there are very many of these municipalities who are asking the Government to do something for them for nothing. I think perhaps, if other avenues of revenue were provided, or other power for raising money, they would be more than willing to undertake the work of raising these funds.

But, at the present time, they are limited, as we all know, in their means for raising money, practically to a taxation on real estate alone.

The time has come, I submit, and my party submits, when our municipalities must have a new deal now that this agreement has been signed with Ottawa, and I think the time is ripe to make a direct approach to their problem and endeavour to bring about a solution.

If such is not forthcoming, it should be clearly printed on every municipal tax bill next year, "Your taxes have been increased again this year through failure of the Ontario Government to make available to council,

the means to carry on your services", or, "We have been unable to reach any agreement with the province, and we have been unable to secure any further means of financing".

HON. G. H. DUNBAR (Minister of Municipal Affairs): May I ask a question, Mr. Speaker?

MR. SPEAKER: Yes.

HON. MR. DUNBAR: The hon. member for Kenora (Mr. Wren) was, I understand, the Clerk at Sioux Lookout?

MR. WREN: Yes.

HON. MR. DUNBAR: Have you printed on your tax bills anything about the benefits you have derived from subsidies to the municipalities? If you did,, did it show that it was 555% over the past nine years?

MR. WREN: We did that for many years. I understand, however, it is no longer required.

HON. MR. FROST: It will be required from now on.

HON. MR. DUNBAR: The Hepburn Government required it, but we did not.

MR. WREN: I do not think there is any municipality in Ontario, bar none, which does not recognize and does not appreciate the fact that the Government has made increased subsidies of one kind and another --

HON. MR. FROST: You have a funny way of showing it

it, when you made the speech you did at Dryden, the other day.

MR. WREN: I am quoting your own statistics. It has almost enabled the municipalities to keep pace with the rising costs.

But we are not reaching any permanent solution. The moment a disaster may strike us in the form of an economic recession, or some other difficulty, we will find ourselves on the pinnacle of trouble.

HON. MR. FROST: So will we.

MR. WREN: I suggest now is the time to work out some permanent solution to these things, something which actually we can look forward to in discussing the 1953 budget, so we will have some idea of what we might expect in 1955 or 1956, just as you expect, under the agreement you have signed with Ottawa, You have looked ahead five years, and you can calculate what you might expect to receive from the rentals over the next five years.

Why can we not sit down and work out some similar kind of pact with the municipalities?

HON. MR. DUNBAR: Did you figure that $100,000 for your hospital, too?

HON. MR. FROST: Mr. Speaker, speaking on this motion: it really was not my intention to say anything other than to give an explanation of the

supplementary estimate, which involved the further appropriation and expenditure of some $20 million dollars on our highways in Ontario.

However, in view of the some of the references which have been made -- and I think quite properly made -- in connection with tax agreement legislation, which in all fairness, sir, may have been suggested by myself when I said there was nothing in this agreement which provided for a permanent solution of our problems, either of the municipalities, or the provincial Government.

(Page E-1 follows)

(Hon. Mr. Frost)

However, arising out of what has been said, I thought I should tell the House very briefly something about the municipal problem. I do not believe that anyone has sympathized more with the problems of the municipalities, nor indeed has contributed by way of fiscal arrangements more substantially to municipalities, than have my colleagues and myself. Where the problem arises is in connection with the inflationary trends of the days in which we live. It is these rising costs that are the real cause of municipal pressures. Indeed, if it had not been for the inflationary trends of these days, the immense grants that the Province of Ontario has given to the municipalities would put most municipalities in the position where they would have very little taxes indeed to pay. But in face of the inflationary trend, these grants have had the effect of holding municipal costs pretty well level with the rising cost of living; they have not permitted them to get out of hand; and indeed, despite all of the pressures and difficulties, the municipal position here in Ontario is reasonably satisfactory in the light of everything. That is not say that the municipalities have not got problems.

On the other hand, we in this House

are faced with the budgetary problems of our Province. Not only have we the problems of the municipalities to contend with, but we also have the other great developmental problems, problems of social services, and the like, which exist in every part of this land, to contend with. Our credit has to provide for the building of the St. Lawrence; and, with all due respect to the strong position of Hydro, our credit backs its notes, our credit has to provide for its great extensions. For Hydro alone in the last four or five years this Province raised the immense sum of $750,000,000 at low interest rates. Now, those things are not possible unless the credit of Ontario is good. We have to provide for all sorts of things: for old age pensions, for mothers' allowances, and other things of that kind. So you can see that this is not a one-sided problem. We are in this position, that if we allow our financial situation to disintegrate, then everything falls. It is upon the strength of the central government in Ontario that the credit of the municipalities and the Hydro and all other subsidiaries depends.

Now, sir, I do not think there is

anything to be gained by exaggerating the municipal problem. I think it has grown to be the style to assert that municipal problems -- using all sorts of adjectives -- are bad beyond all description, and that if something is not done all the municipalities will go bankrupt, -- and that sort of thing. Let me say to my honourable friend from Kenora (Mr. Wren), who made a speech here this afternoon, that he might read the speech he made up at Kenora to the Municipal Association, for I would say that if anybody is guilty of grossly exaggerating the problem, he is. As a matter of fact, if we look at this problem with a level eye, to see what we can do, it is a lot better. I want to do that to some extent, this afternoon. As a result of what was said I made a short statement which I would like to give the House. I would just remind Honourable Members, and I wish the Honourable Member for Kenora (Mr. Wren), the Honourable Member for St. Andrews (Mr. Salsberg) and others would bear this in mind, that when I speak of sympathy on this side of the House with this problem, this is the Government which since Confederation has given not only sympathy but a very large measure of practical relief to the municipalities. The trend, going

back many years, has been to relieve municipalities of costs, but the extent to which that has been done is scarcely realized. It would appear to me that either honourable members who have spoken from the other side have no conception of the facts, or that they are incapable of understanding what has been done.

In the few years before this Government took office, in 1943, municipalities were relieved of a number of expenditures. Some of us sat in this House in the days when municipalities contributed 20 to 25 per cent of the King's highways. That is out of the picture. Do some of the Members of the House, especially those who complain here, know that it is only a few years since the municipalities of this Province contributed to old age pensions and mothers allowances? Out of the picture. Gone entirely. Just imagine that it is relatively only a few years since the accepted practice of municipalities was to make contributions to all of these things.

In addition to that, contributions were made to, for instance, the cost of the care of tubercular patients. In fact the expense was entirely municipal. And I want to pay

tribute to my friend the Honourable Member for Brant (Mr. Nixon) and the Hepburn Government, in which he sat, for having taken the forward step of relieving the municipalities of that item, which in itself amounts to millions of dollars. Indeed, I think it was the Hepburn Government that relieved the municipalities of the cost of old age pensions in their day, and the contribution to provincial highways, which of course at one time was as high as 50 per cent. In other words, the municipalities at one time bore half the capital costs of highways, all of which are now paid for by the Province. So it can fairly be said that the trend is towards municipal relief.

In 1937 the Government of that day -- and, I think, in the light of history, very properly -- took over from municipalities the right of collecting income tax. For the municipalities it would have become an impossible problem. In return they substituted a one mill subsidy. Do Honourable Members know that at one time municipalities were require to contribute one mill of their assessments to the Provincial Budgets? That continued continued until the last thirty or thirty-five years. But the trend has been completely reversed, and the Government

gives to the municipalities the equivalent of one mill.

I should like to refer more specifically what has been done since 1943, what it has represented in the way of assistance to the municipalities, and the relationship of these payments to our Provincial Budget. I am very glad, I may say to the Honourable Member for St. Andrew, to stand up and be counted with a Government that has done these things for the municipalities.

SOME HON. MEMBERS: Hear, hear.

HON. MR. FROST: And if my friend from Kenora thinks that this list is something to be jocular about, and that the accomplishment of these things is an indication that the Government of Ontario regards the plight of the municipalities in a jocular way, I think he has another think coming.

MR. WREN (Kenora): When did I make that statement?

HON. MR. FROST: Since 1943 we have instituted grants to police costs in the Province, grants to fire department costs; and where these have not added up to one mill, the payment of one mill to the municipalities across Ontario, which costs another half a million dollars. Before 1943 the whole burden of grants to public general hospitals

was upon the municipalities. We have given special assistance to municipalities and districts in respect of indigent hospital costs, in the outlying districts. My honourable friend from Kenora should know full well what that means to his municipalities. There have been grants to county health units for dental services and venereal disease control.

In the next place, 80 per cent of the costs of bridges in municipalities is borne by the Provincial Government. There has been an extension of road grants to all urban municipalities for road construction and maintenance; and, in a matter of the last two or three years, grants for the construction and maintenance of municipal community centres, arenas, and athletic fields, -- an expense that heretofore was entirely municipal. All that adds up to a good way of living in this province of ours. In the rural areas, we have grants to municipalities to control weeds and insects -- heretofore an entirely municipal responsibility. The Minister of Public Works (Mr. Thomas) might tell you something about the operation grants to municipalities for municipal drainage -- heretofore entirely a municipal obligation. The Attorney-General can tell you about increased grants in the administration of justice. I would

like my friend the Honourable Member for Cochrane South (Mr. Grummett) to get up and tell about the greatly increased grants and the rationalization of the apportionment of mining taxes to mining municipalities.

MR. OLIVER: They are not satisfied yet.

HON. MR. FROST: That was a point I was coming to. In the first year I sat in this House, on the other side, the Government on this side introduced a motion to provide for relief of mining municipalities in the amount of $100,000. This year we provide for the payment to these municipalities of one and a half million dollars. And I would say to my friend from South Cochrane, whether he likes it or not, they are getting substantial justice from this Government for the first time in history.

Then there are grants for county assessors and the bettering of municipal assessment; the payment of municipal tax on all Government liquor stores, -- another source of revenue; payment of municipal taxes on all Crown properties and properties owned by Crown agencies here in the Province of Ontario, something that no other Government in the whole of the Dominion of Canada -- with apologies to my honourable friend from St. Patrick (Mr. Roberts) --

"the Dominion of Canada" -- something that no other Government of the ten or eleven other Governments in this country has yet done. Also, payments to all municipalities by Hydro on business properties owned by Hydro. The distribution to municipalities of a portion of the Liquor Control Board receipts from licence fees and gallonage taxes; something which was never done by any other Government, but is done by ours. Last, but not least, in this partial list, is a seven-fold increase in grants to the school boards for the added cost of education. Nine years ago, when I first became Premier of this Province, the grants to schools amounted to eight and a half million dollars. Last year between fifty-four and fifty-six million dollars was expended for the same purpose.

Now, Mr. Speaker, the specific things to which I have referred and which have been put in effect since 1943, have increased the costs of our Budget from $18,000,000 in 1943 to over $119,000,000 this spring, covering the present fiscal year. In other words, in the Budget of 1943, which amounted to $100,000,000, a little over 16 cents on each dollar was paid to the municipalities. In 1952, on a net Budget of $291,000,000, $119,000,000, or

41 cents in every dollar of net revenue, has been paid over to the municipalities. I ask my friend from Kenora if that is treating municipal problems in a "jocular" way. I can say this, that no other Government in Canada has attempted these things.

A word, Mr. Speaker, as to the effect of these huge grants. We anticipated and hoped in 1943, when these things were entered into, that they might tend to lower municipal taxation. Indeed, we hoped that the introduction of the very great grants for school purposes in this Province, when added into the municipal Budgets, would result in a reduction in expenditures. Of course at that time we had not counted on the inflationary tendencies of these days. That is something completely beyond our control. If my honourable friend from Kenora and other members of the Opposition would go and pour their tale of woe into Mr. Abbott's ear and the ears of the Federal Government, who have control of these things, or at least more control than we have, something might be done. That is the evil genius in this picture, -- the rising cost of living.

What has been the result? The result is this, that municipal budgets have increased just about parallel with the cost of living. While our

Budget here in the Province has risen three-fold and is on its way to being four-fold, the municipal budgets have gone up on an average across the Province around 65 per cent. In other words, the impact of these huge payments that we have made has, to use the words of my friend from Kenora in a different sense, enabled the municipalities to "sail on an even keel." And of course we have a different dollar today. The tax dollar that you pay today is a dollar which is only worth forty-odd cents, in comparison with one hundred cents ten years ago. Of course, to maintain the same services, indeed to maintain less services, takes more cents today. As a matter of fact a tax of $100 back in 1940, with a different dollar and a different debt on the average, today becomes a tax of $160. But then, everything else has risen accordingly: the number of dollars paid to people in salaries and wages is entirely different from what it was ten years ago.

I would say that the list of these immense payments which we are giving to the municipalities does not show the whole picture. Our relief extends further than that. Here is one example. The Province and the municipalities share

[illegible] Lord in the Cenotaph has taken cross-field [illegible] is in its way to being [illegible], the material [illegible] from [illegible] on an average [illegible] [illegible] around 65 per cent. In other words, the [illegible] of three [illegible] when we have some [illegible]. I use the word of my friend Alan Roberts in a different sense, [illegible] the [illegible] "half in a [illegible] fund." [illegible] of course, we have a different [illegible] Body). In the Solar [illegible] [illegible] Body [illegible] Motion is only [illegible] [illegible], in comparison with one [illegible] [illegible] [illegible]. Of course, we [illegible] [illegible] [illegible], indeed in [illegible] [illegible] [illegible], [illegible] in [illegible] Body. As a matter of fact [illegible] of Stock in 1940, with different [illegible] and different [illegible] in [illegible], [illegible] [illegible] [illegible] of Lord. But [illegible] everything else [illegible] [illegible]): the number of [illegible] [illegible] [illegible] is entirely different from what it was [illegible] [illegible].

I mean by [illegible] the [illegible] [illegible] [illegible] which we [illegible] [illegible] [illegible] [illegible] [illegible] the whole [illegible]. Our [illegible] [illegible] [illegible] [illegible]. Here is an example. The [illegible] in [illegible] [illegible]

the cost of unemployable relief on a basis of fifty-fifty. I well remember the day when the municipalities bore it all. Now we bear it on a fifty-fifty basis; but, by gradually extending the payment of mothers allowances, and providing for the payments to disabled persons and old age pensioners between sixty-five and sixty-nine, the unemployable relief roll is reduced, because these are people who are unemployable, -- cripples and indigents, people who cannot earn their own living; mothers with children -- they are the indigent class, of course, and in this way the municipal relief rolls have been reduced. All this has added to the benefits.

I want Honourable Members to think these figures over in the next few months, and some of our Members, particularly Opposition Members, when they are talking about municipal assistance, might tell of these things. Without considering what we are doing in assistance for cripples and old age pensioners, indigent people, mothers and others, in keeping them off relief rolls, and without considering the amount of taxes the Liquor Board pays, and the gallonage tax, and all these things, may I point out that every cent we receive under the

Federal-Provincial arrangement for the rental of corporation tax and income tax amounting to $117,000,000, will be needed to pay the municipalities on the specific items I have referred to, and all of the money we get from the Federal Government for these rentals, around $117,000,000 net, will not be sufficient to pay the municipalities the increased grants we have given them. We shall have to dip further into other revenues in order to do that.

I mention these things specifically for this reason. I well remember when I was myself somewhat critical, being in Opposition, of the Hepburn Government's provision to take away from the municipalities the collection of income tax. Since that time, not long ago,

(E-14 follows)

Since that time, not long ago, it was said by representatives of a municipal body who appeared before me, "Oh, well, the Government of other days took away from us the collection of income tax, on which the municipalities obtained between three and four million dollars" -- in those days. All of the income tax we receive -- some $19 million -- all of the corporation tax we receive -- some $98 million -- will be paid to the municipalities, with some millions of dollars more in these coming years.

So, when people talk about dividing up the "melon" I just wonder how much they want. They are getting everything now, and a little bit more. Just how much do they want? And I wonder what is to be gained by my hon. friends grossly exaggerating the position and pulling the wool over the people's eyes and leading the municipalities to believe that they are being harshly and unfairly treated. Could any Government, in this Province, do better than give them 41 cents out of every revenue tax dollar collected in this province, and turn over holus bolus all of the proceeds of this great, far-reaching agreement which has been ratified here today.

Now, Mr. Speaker, I have cited these

facts to give you some idea of what we are doing, which is far in excess of anything which was ever contemplated -- indeed, by this Government -- nine years ago, and far in excess of anything that was ever done by any provincial government in the history of our country.

It is not necessary for me to point out that if any further substantial things were done, obviously it would involve an increase in provincial taxation. It is all very well to glibly talk about adding further millions of dollars. Look at the commitments which face us now, -- these commitments to the municipalities at the present time. My friend says, "Why not tell us what you are going to do?" Written right in the statutes are the things we say we are going to do, and they are progressive. Any clerk of a municipality can sit down in his office tomorrow and figure out what the situation is; and he has got to get down and tighten his belt just as belts are tightened here on this side of the House; and if you do not think they are tightened, speak to some of these hard-pressed and harassed Ministers here, and see what happens when they come to me with a lot of outlandish expenditures. I tell you, if I made every expenditure that I was asked

to make I could have a billion-dollar budget in this province of ours; and so could the municipal people.

I suggest to the hon. member for Kenora that he has got to show a little courage and toughness in cutting down; that is what is going to happen around here, because I tell you, and I think everyone in this country will agree, that this is no time for increases in federal or provincial taxation, and as far as Ontario is concerned I have no intention of increasing it.

SOME HON. MEMBERS: Hear, hear.

HON. MR. FROST: That does not mean, and I want to underline it, that we do not contemplate a continuation of our policy of assisting the municipalities at every opportunity, but it will be done when we can do it and as we can do it and in the light of our obligations, which are very heavy. I want to assure my friends, and to assure everybody, that if they think there is some big barrel of money, along the lines of the "big melon", that can be cut in this province, they are very badly mistaken. There is no such thing, and there is no such melon going to be cut in this province.

As far as I can see, our job in this province is to hew to the line, to keep down our expenditures and our taxes. If you do not think

that taxes are high enough, just look at the income tax you are going to have to pay next year. It might be a useful entertainment for some who are present, during the winter months, to figure that out. If you suppose that the people of this province would appreciate our getting into a sales tax or something of the sort, I suggest you have "another think coming." People are just about sick and tired of continuously forking out money, and they will appreciate a government which is going to hew to the line.

MR. SALSBERG: What about the surplus?

HON. MR. FROST: I invite my hon. friend to consider what I have said. If in the administration of this province I could show as good a financial record for the Government of Ontario as our assistance has enabled the municipalities to show, I would be immensely pleased, because instead of having a budget of $300 million I would, speaking comparatively, have a budget at the present time for the Province of Ontario of only $165 million.

To those who glibly talk about giving out a whole lot more money, let me repeat that, of every dollar you gentlemen deal with when you vote Supply to Her Majesty in this Chamber, 41 cents goes to our municipalities. With the

remaining 59 cents we have a few things to do. That is why there is no "melon" in this province. With the remaining 59 cents we have to build highways, we have to provide for public buildings and public works, we have to provide for medical and social services, including old age pensions, mothers' allowance, assistance to the disabled, and a whole host of other things, as well as pay the interest on the debt which has arisen since the beginnings of the province; and we have to keep our credit high, we have to maintain it in a position that Old Man Ontario can go out and borrow the hundreds of millions of dollars which are required for an expanding province.

(F-1 follows)

That, sir, is out of the 59¢ of every tax dollar which the hon. members of this House vote to Her Majesty for supply.

Mr. Speaker, may I say out of that 59¢ has to come the $20 million you are going to vote to-day for the extention of the highway programme in this province, which this year will cost something in the order of from $130 million to $135 million.

Mr. Speaker, I would just ask the hon. members opposite, rather than talking about the problems of others, to sit down and look at the problems which face old Ontario. I think our job is to make every dollar count, pull in our belts, and do the things we have to do as well as we can, in these days of rising costs, to cut down taxation.

I may say that we are quite limited because of the pressure of Federal taxes as our municipalities are limited, in the taxing sources to which they can turn. We could secure possibly an extra $25 million by raising the gasoline tax by 2¢. Would the hon. Leader of the Opposition (Mr. Oliver) think that was good business? I do not think so. He himself was talking about reducing it. I can assure the hon. members of this House that there is no possibility of reducing it and doing the job we have to do. I do want to say we do not want to increase it, unless it is impossible

to do business in any other way.

Would the hon. members of this House have your Government go into the sales tax field. The province of New Brunswick did that, and the people did not like it. Perhaps the hon.members Opposite would like us to go into the sales tax, by 2 or 3 or 4%.

Mr. Speaker, I do not think that is good. I do not think the people want it, and I do not think we would be doing our job for our people by going into that.

As I said at the commencement of this debate, these tax agreements obviously do not provide a solution to the problems of either Ontario or the municipalities. At the best, they are but "stop gaps" -- and very reasonable stop gaps -- to meet the present situation.

As I have said before, they provide the opportunity of the Government coming together and discussing the ultimate re-allocation of the tax fields.

The hon. member for Kenora (Mr. Wren) remarked about one thing with which I entirely agree. Mr. Speaker, this is not going to be a short-term matter. I would say that in 1952, if Ontario, the other provinces, Canada, and our municipalities are wise, we will lay long-term plans which may not be consummated for 10 years or indeed, for 15 years, but be a plan toward

which we can work forward, to make a sane and reasonable re-allocation of tax sources.

One of the things about confederation, of course, is this; that those who formed confederation 85 or 86 years ago, assigned certain duties to certain governments. Mr. Speaker, those men could not have understood the implications and problems in the days in which we live now, in 1952. Of course, there has to be adjustments. Just imagine, Mr. Speaker, that perhaps about 25 years ago, in this province, the municipalities were contributing to the Old Age Pensions. Everybody thought that was a wonderful thing. That was advanced, I think, in the days of the Ferguson government.

At one time, the municipalities of this province paid one half the cost of the provincial highways. That also was a wonderful thing in those days.

But, Mr. Speaker, we have outgrown those things; we have to adjust them, and review the problems in the light of these times. Those things have gone by the board.

Mr. Speaker, what will happen in connection with the tax sources, the revenues, the duties and obligations in Canada as between the various levels of government, no one knows. That is why, I say that

any solution must be a long-term one, and must be on a thorough consideration, such as our municipal people are giving to the municipal problems, which, however, cannot be viewed separately from the over-all problems, as between the Federal Government and the provinces.

Mr. Speaker, that is all I have to say on the subject of this motion, and again I assure the House that one of our great and pressing commitments at the moment is in connection with the highway programme, and I think we have now a construction programme which is far in excess of anything which has ever been heretofore attempted, Not only that, but the programme is actually progress. We have these construction works now under way far and wide in the province, and I think we have arrived at a time, when even though it is painful, we have to pay for these things, and that is the purpose of this vote.

SOME hon. MEMBERS: Hear, hear!

MR. FARQUHAR OLIVER (Leader of the Opposition): Mr. Speaker, I would like to ask the hon. Prime Minister (Mr. Frost) if there is any reason to expect that the committee examining the provincial-municipal financial relationships will report at the next session of the Legislature?

HON. MR. FROST: I am unable to say to the

hon. Leader of the Opposition (Mr. Oliver), to be quite frank with him,

MR. OLIVER: Quite frankly, if I may be allowed to say this, after the hon. Prime Minister's speech this afternoon, I do not think it matters very much whether they report or not, because the hon. Prime Minister has himself slammed the door and thrown away the key --

HON. MR. FROST: By no means.

MR. OLIVER: You have. You said the municipalities need not expect substantial aid at the present time, nor in the near future, so you have locked the door and thrown away the key, and turned your back on the needs of the municipalities.

HON. MR. FROST: I think my hon. friend (Mr. Oliver) will find there will be very substantial municipal reforms carried out in due season, and in the fullness of time, and be carried out in the light of the ability both of the province and the municipalities, to do so. I think there are many municipal reforms which can be introduced. I do not think some of these things involve large expenditures of money, but I think they involve rubbing out the sharp corners, and getting rid of some of the things which are being done at the present time.

I can assure the hon. Leader of the Opposition (Mr. Oliver), that all of these problems are under very extensive study and I want to assure him of this, that it is not our intention to embark on any prodigious programme of payments to municipalities, which could only be done by increasing taxation.

MR. OLIVER: The words the hon. Prime Minister (Mr. Frost) used were "substantial aid".

HON. MR. FROST: I do not think anything in the line of,, for instance, the payments in regard to education, which have arisen from eight and one-half million to fifty million dollars in the past few years -- nothing of that sort can be anticipated. That there will be reforms and adjustments, yes. That the province is on the verge of great hand-outs to municipalities or anybody else, no. I think anyone who will read our budget and our budgetary statements over the last few years will see that such a thing as that is absurd and ridiculous.

MR. SPEAKER: Mr. Downer, from the Committee of Supply, reports the following resolution --

HON. MR. FROST: If I may interrupt, Mr. Speaker. I misunderstood the hon. Leader of the Opposition (Mr. Oliver) question. I thought he was referring to the next session of the House, but his reference was to the provincial-municipal committee.

I would say that the provincial-municipal committee is involved in a very great work and great studies. I do not know what progress they have made. I have made it a point to give that committee very wide scope, with which to deal, but as to what progress has been made, I would not want to say.

Motion agreed to.

House in Committee of Supply; Mr. Downer in the Chair.

Vote 204, Item 1, agreed to.

HON. L. M. FROST (Prime Minister): Mr. Chairman, I move that the Committee rise and report a certain resolution.

Motion agreed to.

The House resumes, Mr. Speaker in the Chair.

MR. A. W. DOWNER (Dufferin-Simcoe): Mr. Speaker, the Committee of Supply begs to report it has come to a certain resolution and moves the adoption of the report.

Motion agreed to.

THE CLERK ASSISTANT: Mr. Downer, from the Committee of Supply, reports the following resolution:

"Resolved that there be granted out of the consolidated revenue fund of this province, a sum not exceeding $20 million to meet the

supply to that extent granted to Her Majesty."

Resolution agreed to.

HON.L. M. FROST (Prime Minister); Mr. Speaker, I move you do now leave the Chair and the House resolve itself into Committee of Ways and Means.

Motion agreed to.

The House in Committee of Ways and Means; Mr. Downer in the Chair.

CLERK OF THE HOUSE: The resolution reads as follows:

"That there be granted out of the consolidated revenue fund of this province, a sum not exceeding $20 million to meet the Supply to that extent granted to Her Majesty".

Resolution agreed to.

HON. L. M. FROST (Prime Minister): Mr. Chairman, I move the Committee do now rise and report a certain resolution.

Motion agreed to.

The House resumes; Mr. Speaker in the Chair.

MR. A. W. DOWNER (Dufferin-Simcoe): Mr. Speaker, the Committee of Ways and Means begs to report a certain resolution, and moves the adoption of the report.

Motion agreed to.

HON. L. M. FROST (Prime Minister): Mr. Speaker, I move, seconded by hon. Mr. Porter, that leave be given to introduce a Bill intituled, "An Act for granting to Her Majesty a certain additional sum of money for the public service for the fiscal year, ending the 31st day of March, 1953", and that same be now read a first time.

Motion agreed to; first reading of the Bill.

HON. MR. FROST: Mr. Speaker, I move second reading of the Bill.

Motion agreed to; second reading of the Bill.

HON. MR. FROST: Mr. Speaker, I move third reading of the Bill.

Motion agreed to; third reading of the Bill.

MR. SPEAKER: Resolved that the Bill do now pass and be intituled as in the motion.

HON. L. M.FROST (Prime Minister): Mr. Speaker, I crave permission to leave the Chamber, in order to escort His Honour, the Lieutenant Governor here to prorogue this Session.

MR. SPEAKER: Granted.

The Honourable the Prime Minister retired.

His Honour, the Lieutenant Governor entered the Chamber of the Legislative Assembly, and being

seated upon the Throne;

MR. SPEAKER: May it please your Honour; the Legislative Assembly of the province has, at its present sittings thereof, passed several Bills to which in the name and on behalf of the said Legislative Assembly, I respectfully request your Honour's assent.

THE CLERK ASSISTANT: The following are the titles of the Bills to which your Honour's assent is prayed.

Bill No. 1,"The St. Lawrence Development Act, 1952 (No. 2)."

Bill No. 2,"An Act Respecting an Agreement between the Government of Canada and the Government of Ontario for the Suspension of certain taxing Acts by Ontario."

Bill No. 3, "An Act to amend the Highway Improvement Act."

CLERK OF THE HOUSE: In Her Majesty's name, His Honour, the Lieutenant Governor doth assent to these Bills.

MR. SPEAKER: May it please your Honour, we, Her Majesty's most dutiful and faithful subjects, the Legislative Assembly of the province of Ontario, in session assembled, approach your Honour with sentiments of unfeigned devotion and loyalty to Her

Majesty's person and Government and humbly beg to present for your Honour's acceptance, a Bill intituled "An Act for Granting to Her Majesty a certain additional sum of money for the public service of the fiscal year ending the 31st day of March, 1953".

CLERK OF THE HOUSE: His Honour, the Lieutenant Governor, doth thank Her Majesty's dutiful and loyal subjects, accepts their benevolence and assents to this Bill in Her Majesty's name.

His Honour, the Lieutenant Governor was then pleased to deliver the following gracious speech:

MR. SPEAKER AND MEMBERS OF THE LEGISLATIVE ASSEMBLY: It is now my duty to prorogue the Second Session of the Twenty-fourth Legislature of the Province of Ontario. In the name of Her Majesty I wish to express my thanks to you for your loyal attention to the business of the people of this Province.

During this Special Session you have passed three measures of great importance and significance to our people. A measure has been passed concerning Federal-Provincial fiscal arrangements, which, it is hoped, will enable forward steps to be taken toward a re-alignment of the fiscal rights and responsibilities

of the various levels of Government. Another measure which you have passed, will assure fair dealing, justice and equity to all of those who may be affected injuriously by the seaway and power development of the St. Lawrence River. The third measure will effect more efficient methods of financing the construction and maintenance of Provincial highways and will facilitate the making of even greater strides toward their expansion.

Provision has also been made for the appropriation of public funds for the purposes of highway construction, for which I express my thanks.

May I thank you also for your loyal service, and I am confident that under the guidance of Divine Providence, the interests of the people of this Province will be protected and benefitted.

HON. ARTHUR WELSH (Provincial Secretary): Mr. Speaker, members of the Legislative Assembly; it is the will and pleasure of the Honourable the Lieutenant Governor that this Legislative Assembly be prorogued and this Legislative Assembly is accordingly prorogued.

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The House prorogued at 4.55 o'clock p.m.

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E R R A T A. (SESSIONAL.)

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Vol. 3. Page E-2: Line 8: change "monetary" to "property".

Line 23: After the words "From Barrie to", insert the word "connect".

Vol. 3, Page E-4. Line 13: Delete "provisions" and substitute "portion of amount".

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